

EUROPEAN NEWS

Crowds mob British PM in Warsaw walkabout

By Robert Mauthner and Christopher Bobinski in Warsaw
MRS MARGARET THATCHER scored something of a personal triumph on the second day of her three-day official visit to Poland, during which she is having talks with government leaders...

Geneva talks heave to while US changes watch

U-SOVIET talks in Geneva are being cut in strategic nuclear arms and on a treaty covering space weapons...

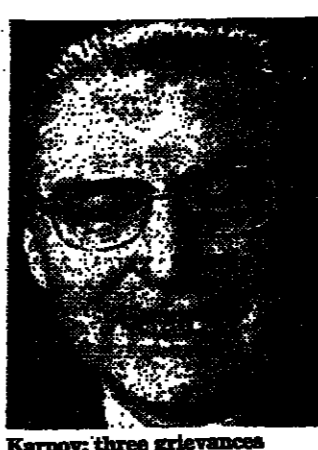
That at least is the opinion of Mr Viktor Karpov, the Soviet Vice Minister of Foreign Affairs, who left Geneva yesterday in disgruntled mood after three days of seemingly fruitless talks...

But Mr Karpov went further. He postulated the view that by retracting some old proposals and submitting new, tougher ones during the past month, the present US Administration has been churning up the negotiating ground for the next President.

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Karpov: three grievances

optimistic about the final outcome of the talks, if the political will were maintained on the US side, Mr Karpov argued nevertheless...

In contrast, he was far more ebullient about the prospects for cuts in conventional arms in Europe. Talks between Nato and Warsaw Pact countries in Vienna could start in December or early in January.

New delay in Sutherland replacement

By Kieran Cooke in Dublin
THE EXPECTED Irish Government announcement of a replacement for its European Commissioner, Mr Peter Sutherland, has again been delayed, this time due to the illness of Mr Charles Haughey, the Prime Minister.

British MPs in Moscow deride 'Marshall Plan' proposal

By Quentin Peel in Moscow
PROPOSALS FOR some sort of Western European 'Marshall Plan' to aid the Soviet Union and Eastern Europe...

Craxi drive on drugs gains pace

By John Wyles in Rome
MR Bettino Craxi's revival of political interest in addressing the drugs problem moved towards a crescendo yesterday with a symbolic meeting of his Socialist Party's executive in Palermo...

Army wives in Dublin protest against pay, living conditions

By Kieran Cooke in Dublin
"WE ARE the army wives. What do we want? Our pay. We want it now." These were the words of the demonstrators...

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"WE ARE the army wives. What do we want? Our pay. We want it now." These were the words of the demonstrators...

Some Iberian barriers to fall

By Diana Smith in Lisbon
SPAIN HAS agreed to liberalise imports of Portuguese goods and services that have suffered from quotas and complex bureaucracy.

Swedish community closes ranks around arms companies

Sara Webb, in Karlskoga, reports on local reaction to scandals involving the country's leading weapons manufacturer
KARLSKOOGA, a central Swedish town set deep in the heart of elk-hunting territory...



Sutherland: effective

Vertical text on the right edge of the page, including 'FINANCIAL TIMES' and various notices.

Venezuelan go-ahead for \$1bn financing

By Stephen Fidler

VENEZUELA'S government, its external finance suffering from weakening oil prices, has decided to go ahead with a novel \$1bn financing which would be serviced through oil sales by two US oil companies affiliated to Venezuela.

The financing will be privately placed with financial institutions by Bank of America and Salomon Brothers. It will be secured on oil sold under long-term contracts by the state oil company PDVSA to US oil companies Champion Oil and Citgo Petroleum. Venezuela owns half of Citgo and said last month it would exercise an option to raise its stake in Champion from 50 to 100 per cent.

Mr Hector Hurtado, the Finance Minister, said in Caracas that a trust fund would be established in New York to receive payments from oil sales from the two companies. These monthly payments will be passed on to investors. The financing would be amortised over the five years from 1981 to 1986.

News agencies reported that Mr Hurtado said the interest rate will be based on an as yet undecided margin above US Treasury debt. The all-in cost, including commissions, fees and interest, will be about 11 per cent.

"With this decision, in no way is the government contemplating the range of manoeuvre of the next government," he said. A new president will be elected in December and take office next February. Mr Carlos Andres Perez, the former president, is expected to be elected to the post. The financing is expected to allow Venezuela to avoid drawing down on its \$500m position with the International Monetary Fund, something it may do without condition.

In August, a Venezuelan team went to the US to seek new financing, and were advised by bankers that conventional medium-term loans from banks were out of the question for now. The country, which has been making series of bond issues in various currencies - the last being a DM100m issue launched last week - has hitherto resisted any type of pre-export financing for oil.

Venezuela's loan rescheduling agreements restrict the placement of any new exports, but it is understood that no waiver is required for the private placement because it involves the sale of receivables.

According to Reuters, the funds would be drawn down in December, increasing reserves to \$3.5bn by the year end. The country is also considering a similar arrangement for gold sales.

Mississippi's Democrats confront the unthinkable

Peter Riddell reports on a state where the Senate elections have eclipsed the White House contest

SENATOR John C. Stennis, the last of the traditional Southern Democrats, is worried. Retiring at the age of 87 after 41 years in the US Senate, he is concerned that the unthinkable could happen, that his state of Mississippi could be represented by two Republican senators.

This would be for the first time since shortly after the War between the States - more usually known outside the South as the Civil War. In 1868 became the first black congressman from Mississippi in over a century by winning some white votes in a traditional bastion of segregation.

Congressman Espy has highlighted social and economic problems common to both his white and black constituents. However, Congressman Wayne Dowdy, the Democrat challenger to follow Senator Stennis, has so far been less successful in broadening his appeal. He has been seeking to attract rural Democrats, repeatedly saying in his programme in Southern areas, that "working people in country stores are just as important as people in the country club".

With considerable personal charm, his homespun campaigning style is best seen face to face as at a fund raising event in Jackson on Tuesday, when he glad-handed round 150 people in 20 minutes.

Election campaign leaves homeless out in the cold

Roderick Oram, recently in Atlanta, looks at the factors behind a worsening problem in the US

"WE SEE a lot more people who look like you and me - people from the middle class who are out on the street for one reason or another," said Mr Ben Johnson, a volunteer in a shelter for homeless families in a suburb of Atlanta.

He was assisting five families with 12 young children between them settle into St. Bartholomew's church hall. For the seventh autumn running, the parish had just reopened its doors to help house the homeless during the coldest months of the year.

For all Atlanta's 1980s prosperity at the centre of a booming south-eastern US, it faces a housing crisis. St. Bartholomew's is only one of 68 shelters in the city offering beds to 3,200 people a night.

"Largely we call this a system, but it's one we never wanted to make permanent," Mrs Anita Beary, executive director of the city's Task Force on the Homeless, said as her son Downy played with the St. Bartholomew's children.

Like many other helpers across the country, she had originally believed the swelling street population - increasingly unemployed parents with young children - was a temporary phenomenon.

But now, as the numbers keep growing even as the US economy notches up its sixth year of expansion, she angrily denounces the failure of the nation's policy on low-income housing as a major factor in the growing ranks of the homeless.

Some 736,000 Americans are homeless on any given night and during the course of the year 2m will suffer the experience, according to a study earlier this year by the National Alliance to End Homelessness, a bi-partisan lobby group. The number of people sleeping on the streets or in shelters is growing by about 20 per cent a year, estimated the US Conference of Mayors.

The Alliance identified five main factors: federal budget allocations for housing programmes were cut from \$30bn in fiscal 1981 to \$7bn in fiscal 1982; some 2.5m people a year are made homeless by urban renewal; the population of mental institutions has fallen from 550,000 in the 1950s to 150,000 as greater emphasis was placed on community care; more families have been broken up by drugs, alcohol and personal tensions; and economic pressures.

The last element is the most pervasive. "From 1960 to 1980, the nation lost 20 per cent of its solidly middle-income manufacturing jobs," the Alliance study said. "These have been replaced largely by much lower paying service positions of little security and usually without benefits such as health insurance."



Out in the cold: sleeping rough in Boston

The federal minimum wage has been stuck unchanged at \$3.35 an hour during the Reagan Administrations and moves this year to raise it were blocked by a Republican filibuster.

The consumer price index, in contrast, has risen 38 per cent since President Reagan moved into the White House.

Typical of those caught in the economic vice are the "Turott and Mayeaux families in the St. Bartholomew shelter. Mr Jessie Mayeaux worked until recently in an Atlanta labour pool that paid him \$38.90 a day, after tax and bus fare.

He is now earning \$7.50 an hour out at the airport loading cigarettes for export to Japan, but has little hope of affording the rent on a home for his

three children and unemployed wife. Mr Richard Turott, who works with him, is better off because his wife recently got a job as a secretary in a state park.

They plan to save some money while they are in the shelter but still know it will be a hard stretch to find housing for them and their four children.

As many as 61 per cent of people in Atlanta shelters have at least part-time work, a Task Force survey found earlier this year, perhaps double the national level. But the average income for women was \$472 a month and for men \$716 while their rent in their last homes had been just over \$300.

With Fulton County, part of metropolitan Atlanta, evicting each month 100 families from public housing and 350 from the private sector, evictions accounted for 42 per cent of the shelters' intake.

For all the severity of the problems, and despite a hunger strike on the steps of the White House, now in its seventh week, housing and the homeless have failed to take off as campaign issues even though both parties presented fairly comprehensive policy papers.

Marcoses may be found in contempt of US court

US PROSECUTORS planned yesterday to ask a federal judge to find Ferdinand and Imelda Marcos in contempt of court for failing to comply with grand jury subpoenas, AP reports from New York.

Hearings were scheduled before US District Judge John Walker, who previously ordered the former president and first lady of the Philippines to comply with grand jury subpoenas requesting the couple's finger and palm prints, handwriting samples and voice samples.

A contempt finding could lead to the Marcoses being jailed.

Last month, a federal appeals court upheld Judge Walker's decision that the Marcoses no longer have immunity from prosecution. A grand jury then indicted the couple and others on racketeering charges.

A grand jury is a panel of citizens that considers evidence and recommends what charges, if any, should be filed. Meanwhile, another federal judge approved a bail package releasing Mrs Marcos from any travel restrictions in the United States.

Tobacco heiress Doris Duke said she put up more than \$5m in bonds to secure Mrs Marcos's bail because she was "dismayed, embarrassed and ashamed" with the way the US government has treated the couple.

"I have always believed that an accused person is innocent until proved guilty. I was the rest of America agreed with me," Miss Duke, 75, said in written response to questions submitted by the New York Daily News.

Miss Duke, once called "the richest girl in the world," said she would gladly testify as a character witness for the Marcoses, whom she said she considers her "dear friends." The couple is charged with looting the Philippine treasury of more than \$100m.

Federal judge John Keenan loosened travel restrictions for Mrs Marcos - previously confined to the New York area - allowing her to travel between New York City and Newport, Rhode Island, where Miss Duke has a mansion.

Mrs Marcos, 59, has been staying in a \$1,900-a-day suite at the Waldorf Towers.

She flew to New York from the couple's home-in-exile in Hawaii aboard Miss Duke's private jet.

Shultz to attend Salvador meeting

US Secretary of State George Shultz is to attend the opening session of the annual Organisation of American States foreign ministers meeting in El Salvador on November 14, the State Department announced yesterday, AP reports.

Mr Charles Redman, the State Department spokesman, said Mr Shultz would address the meeting and meet informally with other foreign ministers. He will fly to El Salvador and return to Washington on the same day.

Peru inflation breaches 1,000 per cent barrier

By Veronica Baruffati in Lima

ANNUALISED inflation in Peru has broken the 1,000 per cent barrier, according to the National Statistics Institute.

Inflation for October was 40.6 per cent, bringing accumulated inflation for this year to 922.5 per cent and for October to October inflation to 1,111.8 per cent.

These figures are well above the government's predictions and come just before a further economic programme, expected to be announced by mid-November.

It is expected that the official exchange rate will be cut from 250 to 400 intis to the dollar. The petrol price is set to rise accordingly, which is likely to bring with it a flurry of price rises, a round of wage increases and a wave of strikes and protests.

Mr Armando Villanueva del Campo Prime Minister, said he preferred to talk about economic adjustment.

"People talk about economic packages, big ones and small ones; in the diminutive and with exaggeration. Readjustments don't have to be traumatic. Why does everything have to be looked upon negatively and pessimistically," he said.

World Bank and IMF officials are meeting daily for long hours with Mr Abel Salinas, the Finance Minister, and Mr Pedro Coronado, the central bank president, in the elaboration of the new economic adjustments.

One of the World Bank officials, Mr Ricardo Lago-Gallegos, is known to be an expert on hyperinflation.

Gross domestic product growth in September represented a negative 3.1 per cent. Agriculture was the only sector which grew, increasing by 7.7 per cent. Conservative estimates for GDP growth in Peru this year stand at a negative 6 per cent, which equals the 1983 growth rate.

Editorial comment, Page 18; deal on trade frictions, Page 6

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Liberal rally rattles Canadian business

By David Owen in Toronto

CANADA'S business community is stepping up its pre-election efforts to promote the US-Canada free trade pact in response to the erosion of public support for the deal and the gathering momentum of the opposition Liberal Party.

The Canadian Alliance for Trade and Job Opportunities yesterday launched a C\$1.5m newspaper advertising campaign on the issue. The organisation purports to represent "the vast majority of Canadian exporters, importers, chambers of commerce, manufacturers and small business groups."

Individual companies are also being urged to discuss the ramifications of the agreement with employees and to voice their support for the pact within their local community.

Both the Liberals and the left of centre New Democratic Party (NDP) oppose the pact, ratification of which appears to depend on the re-election of Prime Minister Brian Mulroney's Conservatives.

Canadian economists have responded with mixed assessments of the likely economic impact of a failure to ratify the agreement, although most agree that this course would be somewhat negative.

So far the economic fall-out from the Liberal resurgence has been largely confined to the currency markets. On Monday, the Canadian dollar tumbled a startling 15 cents against its US cousin before stabilising. The Bank of Canada has repeatedly entered the market using foreign exchange reserves in an effort to moderate fluctuations.

Editorial comment, Page 18; deal on trade frictions, Page 6

OVERSEAS NEWS

Maldives elite's squabbles boil over

David Housego and Mervyn de Silva report from Colombo on yesterday's coup attempt

THE MALDIVES are one of those sleepy, sun-drenched tropical archipelagos to which foreign tourists have been flocking in increasing numbers.

When an invasion force unexpectedly landed on its shores in the early hours of yesterday morning, it found itself precipitated to the centre of the international stage by a bizarre constellation of its own domestic quarrels, the regional politics of the sub-continent and an even broader concern worldwide over the vulnerability of small countries to outside interference.

The symbols of that international focus were the hurried consultations that took place yesterday between regional governments, the Commonwealth and the US on whether a military force should be sent to the country in response to the President's appeal for help.

The Maldives is an Islamic nation of only 200,000 people spread across almost 2,000 islands and traditionally ruled by a small group of families.

Maumoon Abdul Gayoom, its President and against whom the coup was directed, is part of this elite. He was elected for his third term of office in September, gathering over 90 per cent of the votes in an indirect poll, and was due to be installed next week.

He is said to be an Anglophile, a strong admirer of Mrs Thatcher, who has tried to maintain Islamic traditions while opening the country to foreign tourism and economic development. He has cultivated good relations with Sri Lanka and India. He has also refused



Gayoom: 90 per cent of vote

to release the former British base of Gan to the Soviet Union which has put him in the good books of the US whose air base of Diego Garcia lies only 800 miles from the capital Male.

As against those who describe him as engaging, competent and "not unpopular", his critics accuse him of being authoritarian and over-indulgent to his family. A brother-in-law runs the national security forces and another the President's office.

The man behind the coup is believed to be Mr Abdullah Lutfi, now a prominent businessman who has made a fortune out of trade. He comes from one of the southern islands and his bitterness against the regime is said to date from his family's dispossession after an allegedly secessionist movement. Supporting him is Mr Ibrahim Nasir, the former president, now exiled in Singapore, who

was behind an earlier coup attempt in 1980 which made use of European mercenaries.

Mr Lutfi appears to have recruited his mercenaries from among Tamil militants who became unemployed after last July's peace accord between India and Sri Lanka aimed at disarming the Tamil guerrilla fighters. Among some diplomats, it was also believed yesterday that the coup organisers have helped finance recent arms supplies to the Tamils in the north of Sri Lanka as part of a deal for support in yesterday's coup.

It is this involvement of the Tamils which has acted like a red rag to a bull to both the Sri Lankan and Indian governments. The Sri Lankans - worried at the disintegration of their own country - fear that a Tamil-backed government in the Maldives could give the Tamils a further supply base. India, while fighting a Tamil insurgency in Sri Lanka and attempting to curtail Tamil nationalism at home, has no wish to see the Tamils enlarge their power in the Maldives.

In international terms the coup seems to have been ill-timed in that it follows so close on the heels of an election - which whatever its faults - confirmed fresh legitimacy on President Abdul Gayoom. It is this that has allowed his Government to raise the issue of outside interference against a democratically elected administration.

This is a call heard sympathetically in the US - not least because of the proximity of the Diego Garcia base. The Muslim

countries of the Gulf also have no wish for a change of government to a Tamil-backed regime.

There have been two other coup attempts against President Abdul Gayoom - but this was by far the most brutal. Residents believed that about 100 people had been killed in the fighting and described dead bodies being carried through the streets. Last night the invaders had rounded up key government figures as hostages and had detained 2,000 to 3,000 other people.

The invasion force of about 300 landed on the island's capital of Male in the early hours disembarking from a mother ship into smaller craft. Residents described heavy firing going on for two or three hours and sporadic fighting during the daytime. The main focus of attack was the National Security Services building which acts as headquarters for the 1,000-strong Maldivian Armed Forces. The building has high walls and looks like a fortress. It was successful in holding back the invasion force.

The first casualty of the coup attempt is likely to be the tourist industry. Travel agents here believe there are some 25,000 foreign tourists on the islands at the moment - many of them holidaying in the Maldives because of the troubles in Sri Lanka.

Apart from tourism, the Maldives has, with Japanese help, been developing a fish processing industry. Britain, which formerly held the Maldives as a colony, provides aid of about \$200,000 a year, of which half goes in training.

Likud courts Israel's far right

By Andrew Whitley in Jerusalem

THE LIKUD party's chances of leading the next Israeli Government increased further yesterday as Mr Yitzhak Shamir, the party leader, consulted the heads of two small extreme-right parties that were strengthened by Tuesday's general election.

Retired General Rehavam Ze'evi, leader of the Molelet party which favours expelling Palestinians from the Israeli-occupied West Bank and Gaza and which gained two seats in the Knesset on Tuesday, said after an hour-long meeting with Mr Shamir that he was "99 per cent" certain to join a coalition of the right led by Likud.

Mr Shamir also met Mr Rafael Eitan, leader of the Tzomet party (two seats) which also backs expulsions of Arabs, and Likud officials were holding discussions with representatives of Tebiya, which like the other two favours annexing the occupied territories.

But the coalition bargaining, which may continue for weeks, was yesterday still being overshadowed by the powerful showing achieved by four reli-

gious parties in the election. Israel's secular majority was struggling to adjust to the implications of the ascent to power of a small band of ultra-orthodox Jews holding extremist, messianic views.

The sense of dismay over expected changes in daily life in Israel can be heard everywhere from the street cafés of Tel Aviv to factory canteens in Palestinian towns. Ha'aretz, the respected daily, wrote yesterday that the prospect of the ultra-Orthodox joining the government coalition "fills our heart with terror".

These parties, it said, represent values which are "extreme in the eyes of many". The English-language Jerusalem Post commented that the 1988 election may turn out to be a watershed than the 1977 turn-about which brought the Likud to power for the first time.

The coalition discussions between the right-wing and religious parties have so far made so much progress that Labour politicians no longer believe that any independent course of action remains

for them. Pressure is growing on Labour's veteran leadership from younger, second-rank politicians to give up any pretence of forming a government either on its own or in combination with the Likud - and to stay in opposition.

President Chaim Herzog could thus be in a position as early as next week to call formally on Mr Yitzhak Shamir, the current caretaker Prime Minister, to put together a government capable of winning a vote of confidence in the Knesset.

With internal discontent surfacing within the Labour Alignment over the party's poor showing, Mr Shimon Peres, the party leader, has backedtracked from earlier indications of willingness to join another national unity coalition. A full inquest by Labour activists is likely to wait until after the usually lengthy process of government formation.

But criticism of Mr Peres over their campaign's concentration on the single issue of peace with the Arabs is already beginning to flow from senior Labour figures.

Algerians vote in referendum

ALGERIANS voted yesterday in a referendum on political reforms widely seen as a test of President Chadli Bendjedid's handling of bloody riots last month, Reuters reports from Algiers.

Witnesses reported a slow but steady stream of voters at main polling stations in the capital. But government officials reported a high turnout elsewhere in the country and APS, the national news agency, said a quarter of the 12m eligible voters had cast their ballots three hours after polling stations opened.

Only Algeria's marginal Communist Party - the Party of Avant-Garde Socialists - is advocating a boycott of the poll because there are no plans to allow opposition parties in the one-party North African nation.

Algerians are being asked to back constitutional amendments making the prime minister and his government answerable to the elected national assembly.

Pakistan claims Afghan aircraft shot down

PAKISTANI fighters shot down an intruding Afghan warplane yesterday and the pilot was captured, a state television report said. Reuters reports from Islamabad.

It said a patrolling F-16 Pakistani fighter intercepted two Afghan aircraft 13km inside Pakistani air space. One of the alleged intruders was shot down with a missile and the wreckage fell not far from Thal, southwest of the provincial capital of Peshawar, it said.

At the same time, Moslem guerrillas fighting the Soviet-backed government in Afghanistan said they had captured a border checkpoint and closed the border with Pakistan in the Khyber Pass.

The western-backed mujahideen guerrillas said they took the Torkham post on Wednesday after two days of fighting in which they claimed the capture of 130 Kabul troops and four tanks. They said it gave them control of half the 50km road from Torkham to Afghanistan's main eastern city of Jalalabad.

Travellers from the area confirmed that there had been no road traffic across the Khyber Pass frontier for three days.

Rioters put South Korean ex-president under siege

By Maggie Ford in Seoul

MR CHUN DOO HWAN, the former South Korean president, was yesterday surrounded in his fortress-like home by thousands of riot police protecting him from students hurling fire bombs and demanding his arrest.

The students, who were joined by bystanders and shopkeepers as they attempted to march towards his house, were blocked by charges of tear gas. More than 20,000 police helped by an aircraft packed with electronic surveillance equipment, prevented attempts by the students to attack the former leader's home.

The demonstrations which took place in several other cities as well, followed the refusal by Mr Chun and his wife to accede to demands for an apology for his dictatorial regime and the repayment of funds which investigations suggest he embezzled during his eight-year presidency.

Mr Chun's brother has already been jailed for bribery and others of his family are likely to be charged. But attacks by members of the ruling and opposition parties to persuade him to make a clean breast of his alleged wrongdoing have failed. All three opposition parties yesterday advised the students to avoid violence but insisted

that the Government should move swiftly to end the controversy over the former regime.

The opposition has denied that it wants to take revenge on Mr Chun, and reiterated yesterday that he should apologise, pay back ill-gotten gains, and live in retirement in his home town.

President Roh Tae Woo, a former military colleague who helped Mr Chun take power in a coup in 1979, but was later elected leader, left Seoul for an Asian tour yesterday. Before he left he urged his party to face up to the need to sever links with the former regime.

South Korea's growing current account surplus resulted in a fall in net external debt in the first nine months of this year of \$10.45bn, down \$11.98bn from the end of 1987, the Economic Planning Board reported yesterday. AP writes from Seoul.

At the end of September, the board said the country's overall external debt stood at \$33.03bn after paying back \$3.57bn in the first nine months, while its external assets rose to \$23.57bn, up \$2.41bn.

The board predicted the net external debt would drop to \$8.5bn by the end of the year as the country was scheduled to repay more foreign loans.

UN Kampuchea vote

By a record majority, the United Nations General Assembly called yesterday for the withdrawal under international supervision of all foreign forces from Kampuchea, ruled since 1979 by a Vietnamese-backed government, Reuters reports from New York.

The resolution, adopted by a vote of 122-10-19 with 13 abstentions, also calls for the creation of an interim administering authority and promotion of national reconciliation among all Kampuchean under the leadership of exiled leader Prince Norodom Sihanouk.

Nigerians held

Police are interrogating 25 former politicians arrested during an illegal meeting apparently held to work out strategy for when political activities are allowed next year, an officer said yesterday. AP reports from Lagos. The officers said the men were being held at the Directorate of Investigation and Intelligence in Lagos and were likely to be charged. Political parties and activities are banned in Nigeria.

NZ confidence

Business confidence in New Zealand has shown another sharp rise and a general mood of optimism seems to be spreading, according to a monthly survey by the National Bank of New Zealand. Reuters writes from Wellington.

Indonesia takes action against polluter

By John Murray Brown in Jakarta

INDONESIA this week brought its first case under an environmental protection law against a factory in East Java, a decision which could have important repercussions for both domestic and foreign investors. The case was filed against an Indonesian soyabean factory for dumping unprocessed industrial waste into the Surabaya River, one of Indonesia's most polluted waterways. Pollution in areas such as Surabaya has become so severe

that during dry years industries have been forced to close because of shortages of water. A 1983 study of the Surabaya found alarming amounts of heavy metal pollution with mercury at more than 100 times the permitted level at some locations.

Last year the city authorities were forced to flush the river clean at a cost of \$1m in an effort to reduce effluent level which made the water impossible to treat.

This week the Governor of North Sumatra threatened to take action against a pulp and timber operation causing deforestation and water pollution to Lake Toba.

Indonesia has one of the world's worst water pollution problems. It was estimated by a World Bank report that only 40 per cent of people in rural and urban areas have access to safe water. In India by comparison 75 per cent of the urban population and 31 per cent in

rural areas have clean supplies. The report points out that India today has a lower infant mortality rate than Indonesia.

According to the report, pollution from human excrement exceeded recommended standards by a thousandfold or more in key cities including Surabaya. The cost of boiling water to make it potable in the capital Jakarta was estimated by the Bank at between \$20 and \$3m a year.

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OVERSEAS NEWS

Thousands flock to Australian opportunities

Chris Sherwell in Sydney reports on the pros and cons of the booming business of emigration

MARK JONES set the ball rolling when he visited Australia at the turn of the year. By March he was able to move from Britain, and within six months he had two companies and a joint venture operating. He and his new wife are still renting a flat, but priorities are different in Sydney, and they have already bought a boat.

migrants to defer their plans and, in some cases, to go to Canada or New Zealand. "The Asian immigration debate has had a devastating effect on Asian businessmen," says Mr Jim Davie, the lawyer who handled Mark Jones's application. He is president of the Australian Migration Consultants Association (AMCA), which was formed last year to press for the changes in business migration procedures adopted by the government.

The trouble is that prospective European migrants generally find it harder to raise the necessary capital, and there is less inclination to move such a long distance. Canberra is now considering a relaxation in the capital rule precisely in order to catch younger businessmen who lack the full amount of start-up money but have the specialist knowledge or contacts needed to start a business. Currently such people are more likely to go to New Zealand, which requires a lower capital sum.

have been allowed into the country, that phenomenal fees are being charged by unscrupulous agents in places like Hong Kong, that some newly-arrived businessmen are simply buying residency, and that transferred capital sums have been recycled back abroad.

MR DAVIE claims that "My own firm has had 20 cases for other firms." He adds that prospective migrants are going elsewhere because they're leaving their countries anyway. Many are Chinese from Hong Kong or from places such as Malaysia or Indonesia where they have little role in government.

Australia's strongest selling points are its climate, clean environment and lifestyle, but also its image as a land of opportunity, not only for doing business but for the family, especially children.

In any case, the final responsibility is the government's. Accredited agents may offer an alternative, more personal service, but all business migration applications must still go through the immigration section of the local embassy or consulate for ultimate approval or rejection.



Editor Max du Preez shows the first Vrye Weekblad

New Afrikaans weekly paper goads Pretoria

By Anthony Robinson

DAYS after South Africa's Afrikaner government banned for a month the English-language Weekly Mail as a threat to public safety Pretoria's exiguous sense of humour is about to be tested again by a new weekly, written by dissident Afrikaners in Afrikaans.

middle class, professional, educated, Afrikaner - that the Vrye Weekblad is targeted. According to Mr Max du Preez, the Vrye Weekblad's editor, the paper is aimed at those Afrikaners who are groping towards a non-racial South Africa of the future.

The first edition of the Vrye Weekblad (The Independent Weekly) hits the streets today with a speculative article about the possible release of Mr Nelson Mandela, the jailed African National Congress leader, later this month.

The target is those who are proud of their language and their culture but deeply frustrated by the glacial pace of change and what they see as a diet of lies, half-truths and propaganda from state-controlled radio and television.

Splashed across its front page is a large photograph of the man Pretoria most loves to hate. He is Mr Joe Slovo, leader of the banned South African Communist Party and former leader of Umkhonto We Sizwe, the military wing of the equally banned ANC. He is shown smiling affably in the company of two prominent Afrikaner academics.

They are the Afrikaner nuptials who vote for dissident Afrikaner independents like Mr Wynand Malan and despise the misguided "patriotic conservatism" of the mainstream Afrikaner press with its close ties to the ruling party.

The photograph was taken last week at an historic encounter in Levenskosen, West Germany, between a group of Afrikaner academics, the ANC and Soviet Africanists. It is the sort of meeting which drives President P.W. Botha close to apoplexy - as a lengthening list of Afrikaner sportsmen, businessmen, academics and politicians who have defied their tribal leader to talk with the ANC can testify.

Speaking among pipe and coffee cups, Mr Du Preez, a veteran journalist, spoke yesterday of his hopes for a paper funded thus far out of his own pocket and a bank loan. "We hope to settle down with a circulation of around 20,000 and then build up to around 34,000. We know the people out there are waiting for an independent Afrikaner paper like this. But advertisers are holding off until they see the product - and we hear that many Afrikaner companies have been told from on high not to advertise - or risk lucrative contracts with government bodies. It's going to be an uphill struggle."

S African bank lending rate up

By Anthony Robinson in Johannesburg

SOUTH AFRICA'S commercial banks raised their prime lending rates from 16 per cent to 18 per cent yesterday in response to Wednesday night's announcement by the Reserve Bank of a two percentage point rise in bank rate to 14.5 per cent.



De Kock: R4.5bn outflow

The Government's refusal to let interest rates rise before last week's municipal elections delayed a decision until this week's sharp decline in the rand against sterling and other leading currencies forced the Government's hand.

Dr Gerhard de Kock, governor of the Reserve Bank, revealed that R4.5bn (21.1bn) flowed out of the country over the first three quarters of this year, largely because of unfavourable leads and lags in foreign payments caused by low domestic interest rates and a shift in trade financing from foreign to domestic sources.

The combination of artificially low interest rates and excessive credit creation led to a 6 per cent rise in consumer spending and a 13 per cent rise in fixed investment over the

third quarter, at annualised rates. Inflation over the third quarter meanwhile rose to 13.9 per cent and would continue to rise for some time, he added.

Meanwhile an improvement on the current account of the balance of payments, from a first quarter deficit of R410m to surpluses of R1bn and R4.5bn in the second and third quarters, at annualised rates, was accompanied by a sharp deterioration in the capital account.

The capital outflow rose from R700m in the first quarter to R2.1bn in each of the two succeeding quarters.

The combination of higher interest rates, higher taxes to finance the pre-election pay rise for civil servants and higher inflation is expected to lead to a marked slowdown in the economy next year after two years of 2.5 per cent growth. This has proved to be the maximum possible under conditions of sanctions, disinvestment and high government spending on security, apartheid and a bloated public sector.

Tanzania agrees IMF terms

By Michael Holman, Africa Editor

TANZANIA has agreed in principle to the terms of a new agreement with the International Monetary Fund which will release substantial Western aid and pave the way for the rescheduling of the country's \$3.5bn external debt.

An agreement would end seven months of often fraught discussions, with strong political undertones.

President Ali Hassan Mwinyi and Mr Cleopa Msuya, the Minister of Finance, have none the less pressed ahead with wide ranging reforms. These have included devaluations of the Tanzania shilling, increases in agriculture producer prices, cuts in government spending, dropping most price controls and promoting the private sector. The net effect is the gradual dismantling of the socialist system created by Mr Nyerere.

Officials involved in the negotiations for an SDR30m (\$40.2m) structural adjustment loan from the Fund say that a formal signing should take place by the end of the year.

Mr Julius Nyerere, Tanzania's former president who stepped down in 1985 but retained the influential post of chairman of the ruling party, has been seen as leading the faction opposed to many of the IMF-supported measures which have been introduced since 1986.

Former politicians arrested in Nigeria

NIGERIAN police were interrogating 26 former politicians arrested yesterday during an illegal meeting apparently to work out strategy for when political activities are allowed next year, AP reports from Lagos.

A police officer, who spoke on condition of anonymity, said detectives had monitored the group's previous meetings before they arrested the men at a Lagos club. He said the men

were being held at the Directorate of Investigation and Intelligence in Lagos and were likely to be charged.

Political parties and activities are banned in Nigeria.

The officer did not identify the men but said they included two former national officers of Unity Party of Nigeria. Also arrested were former members of Nigeria People's Party and National Party of Nigeria.

The National Party of Nigeria, led by former President Shehu Shagari, formed the country's last civilian government. Shagari was ousted in a military coup in December 1983 and all political parties banned.

Gen Ibrahim Babangida's military government has promised to allow political activities in the middle of next year in preparation for a return to civilian rule in 1992.



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WORLD TRADE NEWS

Lightbulb order lifts African trade gloom

Nicholas Woodworth examines moves to stimulate regional economic co-operation

RECEIVING an order for 10,000 lightbulbs from a foreign buyer would hardly be considered a major international trade coup for a manufacturer in Europe, Asia or the Americas. But when the continent is Africa and the sale takes place between two such distant and economically disparate states as Mauritius and Zambia, it is an event that brightens not only homes but the generally gloomy world of intra-African trade as well.

Nowhere is the optimism surrounding the deal greater than in the Lusaka headquarters of the Preferential Trade Area for Eastern and Southern African States (PTA) which comprises Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

Transactions like this, modest as they are, show PTA officials that their uphill battle is not without some reward.

But efforts to boost intra-Africa trade - which accounts for no more than 4 per cent of the continent's transactions - face many hurdles.

African nations, by choice or necessity, both buy and sell outside the continent. Sometimes this may be because of hostilities between two neighbouring states. At other times an imported shirt may prove

cheaper than a locally-made one. Most often the desired product is simply not made in Africa.

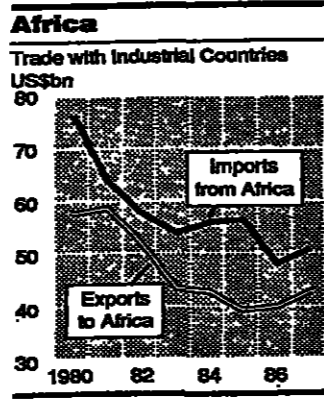
Other obstacles include chronic shortages of foreign exchange and the non-convertibility of local currencies, strict import licensing, industrial infrastructures incapable of producing a wide range of quality goods for export, and high production costs making for uncompetitive exports.

To add to the complications, within the 15 member PTA region there are a range of ideologies, from the broadly capitalist Kenya to Marxist Ethiopia.

Today only 6 per cent of the PTA area's total international trade takes place between member states. None the less, the ambitions of the PTA remain high. Having begun operations in 1984, PTA executives envisage the progressive reduction of tariff barriers over the next 12 years.

According to Mr Bax Nomvete, the organisation's Secretary-General, the customs union now being created will lead to the establishment of a monetary union with a common currency, and by the year 2000 to a tariff-free common market - a target most observers believe is highly unrealistic.

PTA officials, however, point out that a number of trade and



monetary measures are already in effect. A common list of exportable goods has been drawn up and tariff reductions between member states applied.

One of PTA's major instruments for the promotion of trade is its clearing house located in Harare, Zimbabwe. Set up on the premise that the greatest single impediment to intra-African trade is a dependence on scarce foreign exchange, the clearing house allows member countries to use national currencies to settle transactions, which are calculated in a PTA unit of account.

Only net balances between member states require settle-

ment in hard currencies. Net exporting members in theory therefore spend no foreign exchange on sub-regional trade at all, while net importers minimise their hard currency expenditure.

This is the theory, but practice proves more difficult. One of the biggest problems is the reluctance of many member governments to issue import licences for PTA transactions, a move which can effectively block trade and make tariff reductions meaningless. This is often done to protect domestic industries.

In addition, 11 of the 15 PTA member-states are net importers within the sub-region and stand to lose foreign exchange on PTA purchases. They therefore prefer in many cases to spend the money on more vital imports from the developed world.

The foreign currency retention rights of individual firms inside member states also lead to difficulties.

In a number of PTA states companies are allowed to keep up to 50 per cent of their export earnings in foreign exchange rather than surrender the totality to the central bank for the equivalent in local currency. So attractive is the provision that many companies export at a loss simply to gain hard currency.

The PTA clearing house sys-

tem, which channels foreign earnings back to exporting companies through central banks, has taken much of the incentive away. In Tanzania, for example, exporters to the PTA lose all rights to foreign currency retention.

The central banks of Zambia and Somalia, both countries with balance of payments problems, are finding it difficult to honour their retention commitments.

This increases the tendency among all PTA members to avoid the clearing house altogether and aim for straight hard currency sales wherever they can.

Clearly it will take many years before the PTA makes a significant impact on regional trade. The zone remains economically unbalanced, dominated internally by the relative strength of Kenya and Zimbabwe, and externally by the ever-more critical debt, commodities, and balance of payments crises.

It is only when there is some relief from external economic pressure that African manufacturers will have the resources to compete with traders from outside the region. The moment when Africa redresses imbalances with the industrialised nations remains a long way off, however, and with it, the dream of significant trade inside the continent.

UK signs aid deals with China

By Peter Montagnon, World Trade Editor

THE UK Overseas Development Administration has signed a series of aid finance agreements with China under which it will provide a total of £17m in support of exports worth £58m.

The largest involves a £25m contract won by Davy McKee for the construction of a cold rolling mill and three foil mills for the Bohai aluminium plant.

ODA said Midland Bank will also be providing finance for this project under a concessional loan backed by the Export Credits Guarantee Department in the framework of the 1986 loan agreement between the two countries which expires next year.

About 250m of this £300m line will remain unused after the Bohai deal. ODA said yesterday further projects were under negotiation which should ensure it is fully taken up.

The remaining agreements announced yesterday fall outside both this line and the new £300m credit signed by Mr Christopher Patten, the UK Aid Minister, during a visit to Beijing in September. They include a contract won by Plessey for a traffic control system in Beijing.

Italy urges EC to rule on UK Nissan Bluebird

By John Wyles in Rome and Kevin Done in London

THE ITALIAN government has called on the European Commission to pronounce officially whether or not the UK-built Nissan Bluebird car should be regarded as a European or a Japanese product.

The first shipment of Bluebirds from Nissan's assembly plant in north-east England has been made to Italy through the port of Livorno, and the Italian action has been prompted by the imminent launch of the car in the Italian market.

Mr Renato Ruggiero, the Italian Minister for Foreign Trade, has made clear that in the absence of a clear Commission ruling being observed by all EC member countries, Italy will apply the same import restrictions as are eventually imposed by France.

Until now Paris has insisted that all imports of the Bluebird will count against its ceiling limiting sales of Japanese cars to 3 per cent of the French market, until it is satisfied that the cars have reached an 80 per cent local content level.

The Minister, in common with the country's largest automotive producer, Fiat, believes that a thorough debate is needed on the definition of local content. He has suggested that it is a quality as well as a quantity issue and that the Community needs to ensure that the most technologically advanced components are of European origin.

Fiat said recently its own studies of the Bluebird had suggested well under 50 per cent of the vehicle was manufactured in Europe. Nissan and the UK government both insist the car meets the Commission's unofficial local content



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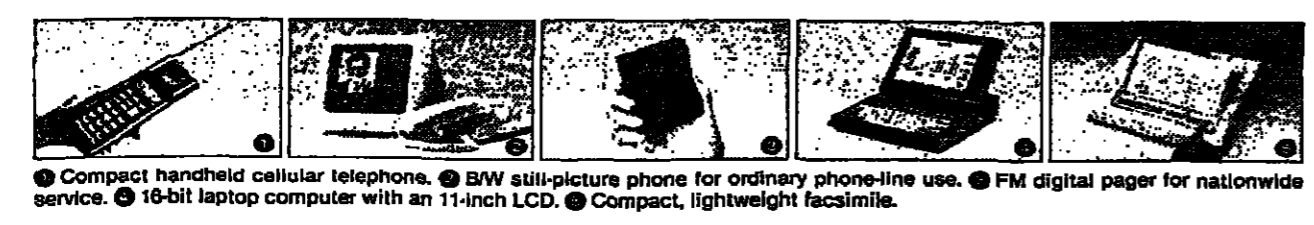
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Tokyo renews attack on Fortress Europe

By William Dawkins in Brussels

JAPAN yesterday warned that the European Commission's strategy of reserving the right to demand that foreign countries give equal market access to EC companies on a case-by-case basis was dangerous and continuing.

Mr Muneki Date, Tokyo's Ambassador to the EC, told a seminar in Brussels the Commission's idea of trade reciprocity "leads itself to various and potentially arbitrary interpretations." His sceptical remarks were Japan's first public response to the Commission's latest attempt to persuade the EC's main trade partners that Brussels does not plan to increase the Community's external trade defences after the creation of the barrier-free internal market scheduled for 1992.

Mr Date's unusually strong prepared statement, at a seminar arranged by the UK accountancy firm Grant Thornton, made it clear the Commission's recent trade policy document failed to quell several Japanese worries. Ten days ago, the Brussels authorities sought to reassure Japan and the US it would not apply reciprocity tests to banks already established in the EC, only to newcomers. But the Commission also called for selective reciprocity in other sectors.

"The word reciprocity is a very dangerous word for use in international economic matters," said Mr Date. "When used in conjunction with the notion of balance of benefits... this notion of reciprocity becomes increasingly confusing." He also voiced serious worries about the current row between Britain, France and Italy over the export of UK-built Nissan cars. That dispute is waiting for adjudication by the Commission, which also made a second unsuccessful attempt yesterday to agree an overall policy for the car industry.

France and Italy want to limit sales of British-made Nissans on the grounds that they have insufficient local content.

"I am sure that the EC needs investment from outside, including Japan, to revitalise its economy. However, such protective measures will not serve to encourage the necessary foreign direct investment," he warned.

The ambassador also accused the Commission of using anti-dumping duties "as an element of industrial policy in order to protect certain industries," a comment sure to annoy the Brussels authorities who are convinced that they are merely acting within the rules to defend legitimate EC business interests.

US-Canada agreement may reduce trade frictions

By Peter Montagnon, World Trade Editor

DISPUTE settlement procedures incorporated in the US/Canada free trade agreement are an improvement on the status quo and should lead to a lessening of frictions, according to the latest Trade Monitor published by the prestigious Canadian C.D. Howe Institute.

Writing in the Monitor, trade lawyers from both countries argue that the establishment of bi-national panels under the agreement to deal with trade disputes involving anti-dumping and countervailing duties should help industry by saving time and money in resolving disputes.

The role of the panels has been the subject of great controversy, with some Canadians arguing that they afford inadequate protection from the application of US trade laws to offset concessions made by Canada in other parts of the trade agreement. The agreement itself has become a central theme of the Canadian election campaign.

According to Mr Gary Horlick and Ms Debra Valentine of the US firm O'Melveny and Myers, it would have taken Canadian software exporters two to four years to contest the 1986 US imposition of countervailing duties in the courts. During that time duties of some \$800m would have been

levied each year.

Under the new trade agreement it would be possible to take such cases to the bi-national panels which must complete their review in a year. The lawyers said this was also quicker than seeking remedy through the General Agreement on Tariffs and Trade.

According to the lawyers, the panel system will also offer new help to industry in fighting safeguard actions such as the tariffs the US imposed on Canadian shales and shingles and Canadian duty on footwear and garments in 1976 and 1977. Safeguard actions involve the imposition of duty or quantitative restrictions on a sudden surge of imports.

At present, an exporting company has no serious recourse, but a panel decision under the trade agreement would be binding.

Moreover imports from one or other of the two countries will not be subject to general safeguard actions unless, in their own right, they contribute significantly to the industrial problem in the importing country. This should prevent cases of Canadian exporters being caught up in safeguard actions directed by the US primarily at Far Eastern producers.

THE PROPERTY MARKET

A modern architect fights back

By William Cochrane

Last Friday night, British architects were in the dock again as The Prince of Wales aired his views on their discipline - or lack of it - in a 70-minute television documentary, A Vision of Britain.

Among other, more emotive, concerns such as the state of post-war tower blocks of council flats, he begged for higher architectural standards in new shopping centres, and made a plea for the careful treatment of old town centres.

That weekend, the annual conference of the British Council of Shopping Centres opened in the regal spa town of Harrogate. Delegates had a ready-made theme, and the architectural contingent was buzzing with it.

On Monday, Keith Scott, architect and chairman of the multi-disciplinary Building Design Partnership, took on the subject in depth. His paper was in no sense a defence of the architectural elite. "People like that generally view the shopping centre architect as a pariah," he said. "They're not interested in buildings which are designed to make money."

His session was entitled: "Could shopping centre architecture be improved?" Mr Scott is writing a book on the subject for architects and students of architecture and planning. He made it rather easier for the rest of us.

"The simple answer," he said, "must be yes." Of the 600-odd central areas built in Britain since 1960 only six have been given premier design awards by the Royal Institute of British Architects and the Civic Trust - the only schemes which judge wholly on the basis of design excellence. "Can you name one scheme in the UK," Mr Scott asked his audience, "which will merit listed building status in 20 years' time?" There seemed to be few takers.

Many shopping centres of the 1960s and 1970s were brutal, monolithic, windowless boxes, cast in concrete which

ended up cracked, stained and vandalised - the worst in a state of absolute desolation.

In recent years there has been improvement - inside the walls. "We have rediscovered daylight," noted Mr Scott. The 1980s have produced an explosion of atria, glazed arcades and airy galleries, bringing in natural light and a sense of space.

"We forgot about top light from about 1914 to 1970," he said. "We piled car parking and other uses above the retailing so that there was no roof left to break through and bring natural light into the centre." He acknowledged, too, that the style of the day was to have dark corridors, and all the excitement in the blazing neon of the shop windows.

Now, the problems begin with the exteriors. "In the post-Second World War enthusiasm for a new start for some of our Dickensian factory towns," he says, "three things went wrong in British first buildings of character, a lot of them, were destroyed. Second, planners and sociologists did not take proper cognisance of continuity, people's need to identify with their past. Third, the new architecture left much to be desired: 'Simplicity', 'plainness', 'lack of ornament' and 'truth to materials', were all offered as attributes to good architecture. Mr Scott sees the architects' love affair with

exposed concrete, in particular, as "the most sordid liaison of the 20th century."

This was not solely to do with architects. In the 1950s and 1960s, public opinion, town councils and developers were strongly in favour of comprehensive central area redevelopment. Today is a gentler time. But there is still pressure for town centre redevelopment, this time to reduce pressure for retail development in out-of-town or fringe locations.

Mr Scott says there is limited scope for the latter: "I believe that there is a will in Britain to preserve this island," he said on Monday, "and I believe that there will be a rebellion against too much out-of-town development." That which is built, he said, would have to be built better: "Wiggly tin sheds hidden by trees will be a thing of the past. If we are to build in sq ft in the country surrounded by acres of car-parks, the architecture must be good and so must the landscaping."

Meanwhile, the size of town centre schemes make them difficult to integrate into the small scale of British towns. "You cannot hide 200,000 sq ft of retail in Bath, Colchester or York without submerging," said Mr Scott. "The moment you let the scheme come to the street frontage with anything other than an entrance, you have to make a feature of it."

"The units facing the streets are windowless, and you can no more make lively buildings without windows than the Israelis could make bricks without straw. Monuments - yes - but not buildings. Pyramids."

"Try to put in windows, and shops will rack over them. Argue for windows and a balcony to the department store restaurant, and the retail people will tell you that they may want to put white goods there in five years from now. This is not good enough," said Mr Scott, "and good architecture never comes this way."

Architects are faced with pressure of time; huge blank walls; and public disapproval of "modern" architecture. "Many designers," he said, "have opted for a footloose, stylistic pluralism which is nothing but a stick-on pastiche - anything at all, please, to avoid the Prince of Wales saying that it is another carbuncle, or a 1930s wireless set..."

"Queen Anne fronts and Mary Anne backs are no good," he maintained. "People want colour, texture, quality and permanence in their town centres - inside and out, front and back." Just a few towns still need drastic replacement surgery: a new heart, he thought. Most only needed hidden sewing to blend neatly into the existing fabric.



The Colonnades, Bath: a £15m, 50,000 sq ft shopping centre built on a Grade I-listed facade



Keith Scott: in-depth analysis

Mr Scott summed up:

- Shopping centre architecture is not as good as it ought to be; it is a good deal better on the inside than on the outside.
- Central area development should rejuvenate the heart of towns and cities; because the total mass of it is so big, Britain's finest talent should be brought to bear on the design.
- "We must... make a major onslaught on the design quality of the exterior. It will cost more but we start from a fairly low base."
- Architects should think fundamentally about the design potential of some of the familiar and awkward components of shopping centre exteriors: "How are we going to handle the service yards, huge entrance holes for lorries, great windowless walls to shops and stores, elevations to multi-storey car parks, miles of service corridors?"

He asked for multi-storey car parks to be designed as a welcome to the shopping experience, rather than an environmental obstacle course, and showed how it might be done. Shopping centres show a trend to mixed use - eating, and leisure, for example - so architects should design for increased adaptability and greater accessibility over longer hours.

He spoke for an architectural concordance between the outside and the interior, and maintained that shopping centres in UK towns and cities today should be civic buildings, and a source of civic pride. "Developers and institutional patrons," according to Mr Scott, "should be the Medicis of the 20th Century."

* Shopping Centre Design, to be published in May 1989 by E & FN Spon, 11 New Fetter Lane, EC1

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UK NEWS

House price rises slow sharply as boom seems over

By Andrew Taylor, Construction Correspondent
HOUSE PRICE increases slowed dramatically last month, providing further evidence that the UK housing boom has subsided.

Electricity boards balk at regulations

By Maurice Samuelson
THE 12 electricity boards of England and Wales fear they will be so tightly regulated when they are privatised that they will have difficulty in conducting their business.

Separate information will also be expected concerning a board's local distribution network and on the energy supplied through it.

Nuclear plant inquiry told coal to be cheaper

By David Green
COAL-FIRED electricity generation is likely to be cheaper than nuclear power for the foreseeable future, Mr Gordon MacKerron, an energy analyst, said yesterday.

home-produced coal would be priced more closely to imports in the future, he said. However, the bulk of fuel from British Coal was still priced above the current import level and the gap was unlikely to disappear completely.

Britannia, Monarch order jets to expand charter operations

By Michael Donne, Aerospace Correspondent
TWO independent UK airlines have ordered jet airliners worth nearly \$800m to expand their long-haul charter operations.

FOR SUN MICROSYSTEMS ONE LOCATION SHONE OUT FROM THE REST.
[Image of a computer workstation with a monitor and keyboard]

In six years Sun Microsystems has become the world's leading supplier of workstations. Now for the first time they are setting up a manufacturing base outside the USA. Their new plant is to be built in a country with a highly developed electronics infrastructure...

Producer raises \$120m funding for six films

By Joel Kibazo
MR JEREMY THOMAS, the British film producer who produced the award-winning The Last Emperor, announced yesterday that he had raised a \$120m (£37.36m) fund for his next six films.

Arts spending to rise 6%

By Antony Thornton
THE GOVERNMENT is to spend \$483m on the arts in 1991-92, a rise of 6 per cent on 1990-91.

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[Image of a newspaper]

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UK NEWS

Minister defers shutdown of Sunderland yard

By Kevin Brown, Transport Correspondent

THE GOVERNMENT yesterday raised the hopes of 2,000 workers at North East Shipbuilders' Sunderland subsidiary, when a planned closure announcement was cancelled at the last minute.

Mr Tony Newton, the Industry Minister, said he was waiting for final advice from British Shipbuilders about four bids for NESL, and indicated that further talks on a possible Cuban order would take place shortly.

Mr John Wakeham, leader of the House of Commons, said: "The position is that no decision has been taken."

However, the speculation among MPs at Westminster was that the closure announcement had been delayed in order to avoid embarrassing Mrs Margaret Thatcher, the Prime Minister, who is visiting Poland.

Mrs Thatcher is due to travel today to the Lenin Shipyard at Gdansk, where she will have talks with Mr Lech Walesa, leader of the banned trade union Solidarity.

Mr Walesa, who is leading a fight to stop the closure of the Gdansk shipyard, has been asked by British trade unions to try to persuade Mrs Thatcher not to close NESL.

Two other possible reasons for the delay emerged. The Trade and Industry department said British Shipbuilders was "seeking additional information in respect of one of the bids," and that the bids were still being evaluated.

This is believed to be a reference to the bid submitted by a consortium headed by Mr Peter Zacchi, a Danish entrepreneur

Tide ebbs from 600-year-old shipbuilding industry

Richard Donkin meets workers who pin their faith on industrial reconstruction

A tidy row of six bright red ferries berthed two by two at the mouth of the River Wear in Sunderland, north-east England, presents a false impression of prosperity in what was once the world's greatest merchant shipbuilding area.

They are part of an order given to North East Shipbuilders (NESL), the Wearside subsidiary of British shipbuilders, for small ferries designed to work the Danish seaways. Only two have been delivered, three are nearing completion and nine others, rejected by the Danish buyer, now line the banks of the Wear and the Tyne.

"The lads in the yard say there are two things you can pick out on this planet if you are standing on the moon - the Great Wall of China and our ferries," said Mr Jim Baldwin, a 40-year-old plumber at the company's Southwick yard.

It pays to have a sense of humour if you work among the remnants of Britain's merchant shipbuilding industry, which stretches back to 1346, which enjoyed a peak output of 89 ships in 1906, and which once employed 20,000, two-fifths of Sunderland's working men, is now facing closure.

"The Government would be destroying 600 years of history at a stroke," said Mr Charles Slater, the Labour leader of Sunderland council, where politicians have united with the rest of the town in a campaign to save the industry.

"Save our Shipyards" posters have been displayed in shop windows, a petition of 100,000 names has been gathered, and the local Chamber of Commerce has loaned a room in its Sunderland offices to co-ordinate the campaign.

"Industry, commerce and all the political parties have been right behind us. The petition was even blessed in Church. I wish I could include our own management in that list," said Mr Barlow.

The comment may be unfair - British shipbuilders said NESL management was unable to comment on policy matters - but it illustrates the bitterness which many workers feel towards the decline of their industry at a time when the economic signs augur well for a shipbuilding revival. Everyone in the town had been expecting the death sentence on NESL to be confirmed by Mr Tony Newton, the Industry Minister yesterday, but a stay of execution granted for the second time in just over a week prevented renewed hope.

"I can't help thinking that the decision had something to do with Mrs Thatcher's meeting with Lech Walesa at the Gdansk shipyards. The timing

in 1960 13,000 Wearside workers in the shipyards. The yards still employed 9,250 when the industry was nationalised in 1977. The last decade has seen a steady drain of the workforce in a contraction which has led to the loss of company names such as Doxford Engines, George Clark, T S Foster and Lain.

The days when work in Sunderland meant ships or coal are over. The Coal Board remains one of the town's largest employers with 2,000 working at the Wearmouth Colliery, the last of the area's pits.

Vaux Brewery, Grove Coles and Corningham, the glass manufacturers, all number among the larger employers. L.J. Dewhurst, the clothing manufacturer and supplier to Marks and Spencer employs 1,200, part of a steadily increasing clothing industry supported, to some extent, by the wives of jobless men who have had to become accustomed to role reversal.

The changing times are illustrated by the reverse side of the calling card handed out by Mr Geoffrey Key, chief executive of the town council. It is printed in Japanese.

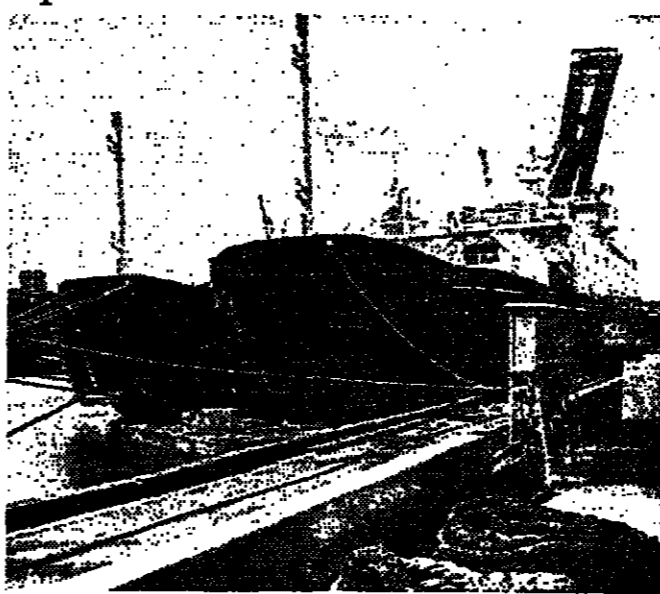
Nissan, the Japanese car factory, is the brightest star in Sunderland's future, employing 1,800 now, rising to 2,000 by the end of the year, and expecting to employ 3,500 by 1992 with an additional 1,000 associated jobs such as those to be created at Nissan Yamato, an engineering pressing company and Ikeda Hoover which makes car seats.

The Washington-based factory represents the largest single Japanese investment in Europe - some £610m by the end of 1992, having soaked up an additional £125m in regional development grants and special financial assistance.

The combined total workforce at Sunderland's 10 largest manufacturers - including those at the shipyards - amounts to something less than the 13,500 engaged by the area's largest single employer, Sunderland Borough Council.

In spite of its unemployment people in Sunderland see their town as bustling and tidy with excellent shops and good roads.

"Don't use the heading 'Learning to live on the dole,'" Mr Geoffrey Key said. "It is not like that. Even if the talks fail and the yards close, the town will survive." His head of policy, Mr Philip Wright, agreed. He said: "Basically we have a shipbuilding industry which Mrs Thatcher has slimmed down to make lean and efficient and modern. It is now as well equipped as anywhere in Europe to take advantage of the upturn in trade which the pundits are predicting.



Completed Danish ferries tied up on the Wear

would certainly have embarrassed her," said Mr Barlow, while confessing he wanted to believe that there was a real chance the yards could be sold.

With cheap housing and industrial development land available at £40,000 an acre, it is, perhaps, surprising that Sunderland has 87 vacant small factory units.

In a town where male unemployment is running at 20.3 per cent compared to a 9.4 per cent UK average, the loss of 2,000

jobs and an estimated extra 4,000 within contributory industries could prove devastating to the local economy.

Some areas have much higher male unemployment rates. In the South Ryton ward it stands at over 30 per cent, while in Southwick it is 26.5 per cent.

The figures portray a picture of gloom and depression which is anything but the case. Sunderland has learned to live with unemployment.

Government proposes code for strike ballots

By Philip Bassett, Labour Editor

A DRAFT code of practice aimed at considerably restricting trade unions' abilities to organise pre-strike ballots was issued yesterday by the Government.

Pre-strike ballots were introduced by Mrs Margaret Thatcher's Government in its 1984 Trade Union Act. They were widely judged to have improved British industrial relations by making unions less likely to strike without the full support of their members.

Employers have become increasingly concerned that unions have been using pre-strike ballots as a negotiating tool - effectively forcing them to improve pay offers by threatening what looks like a well-supported strike, but which employers believe, in reality is a bargaining tactic.

If the code is approved by Parliament next year, as appears likely, it would have no legal effect. It would, however, be admissible evidence in any court proceedings.

Previous codes of practice along similar lines - that which stipulates that only six pickets should stand at any one entrance - have been hardened up considerably in subsequent case law.

The proposed code's main provisions are:

● Unions should not hold ballots unless they are contemplating authorising or endorsing lawful action.

● A union should not organise a ballot unless it has assessed whether there is sufficient membership demand to justify holding one.

● Unions should not hold ballots on industrial action if their real purpose in doing so is other than to take such action.

● Except in special circumstances, industrial action voting must be by full postal balloting.

● Although the law requires pre-strike ballots only to achieve a simple majority, the code says that unions should consider not calling industrial action even after it has won a ballot unless the turnout in the ballot is at least 70 per cent.

Mr Norman Fowler, Employment Secretary, said: "British trade unions have all too often seen industrial action as a weapon of first resort. This is no longer acceptable - neither to the public at large nor to trade union members."

The TUC would only say it would be studying the code in great detail, and would be responding to the Government in due course.

City 'short-termism' hurts UK industry

By Hazel Duffy

THE INSTITUTIONS of the City of London continue to work for short term gains at the expense of the long-term strength of British industry, said most companies questioned in a survey by the Confederation of British Industry, the employers' group.

Strong and continued dissatisfaction with the City, the London financial market centre, calls into question conclusions reached by the City/Industry Task Force, a team from industry and the financial institutions which told the CBI last year that the gap between the two sides was more myth than reality.

The CBI survey was conducted among 250 companies, 54 per cent of them in manufacturing, with workforces ranging from less than 200 to more than 5,000. Its results are to be published on the eve of the CBI conference, which opens next Monday in the south-west resort of Torquay.

Of those questioned, 84 per cent said they did not think the financial institutions were taking a long-term and strategic evaluation of their company.

The survey also shows a desire by most of the companies questioned for the Monopolies and Mergers Commission to investigate overseas bids from overseas on the grounds

of public interest, wherever this is possible.

Two-thirds of companies questioned felt that the lack of "reciprocity" in a bid from overseas should be accepted as grounds for a reference. Such would be the case, for instance, when a company is free to make bids in one country but has, according to the corporate culture of its own country, "bid-proof" articles of association.

The present regulatory framework was felt by 82 per cent of companies as not helping companies establish the identity of those holding a controlling interest in their shares and spotlighting potential bidders.

Half of those in this category felt that shareholders failing to declare controlling ownership should be disenfranchised - a view which was particularly prevalent among large companies.

Delegates to the CBI conference in Torquay will debate a resolution, to be opened by Sir Hector Laing, chairman of United Biscuits, which states that "the national attitude towards investment appears to place greater emphasis on the values of the City rather than those of manufacturing industry, the real providers of wealth."

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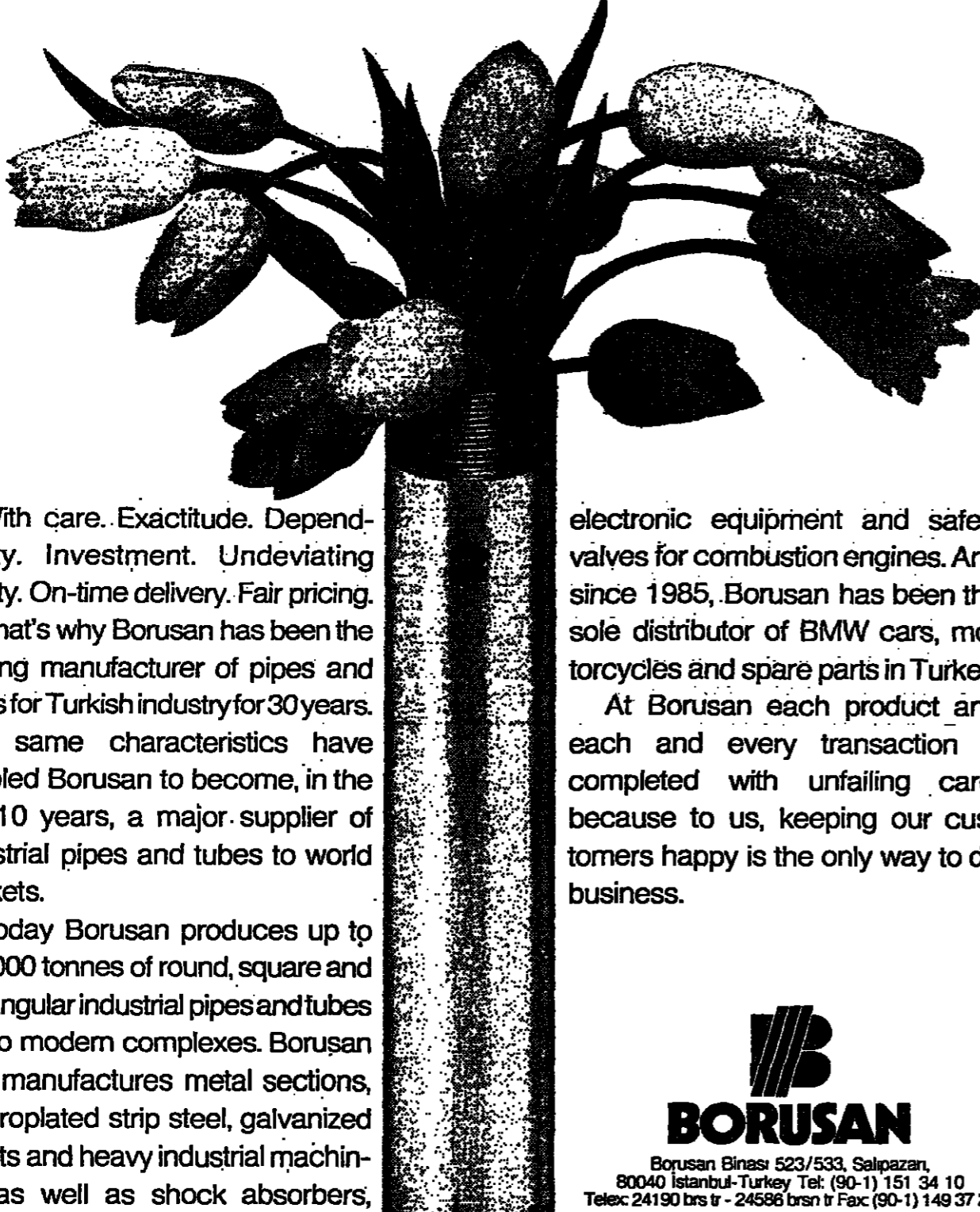
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UK NEWS

Transport begs for quick remedy

Kevin Brown looks at key policy considerations in Whitehall

MR PAUL Channon, Transport Secretary, told the Conservative Party conference last month that he proposed to adopt a revolutionary approach to transport problems, and make a real attack on congestion.

His speech raised expectations that something could be done quickly to cut traffic jams and end the misery of commuters on overcrowded trains.

It remains unclear how these expectations can be met. But there is increasing concern among transport professionals that the pursuit of short-term palliatives is causing ministers to abandon proven policies which could offer some long-term relief.

The crux of the problem facing the UK is that the capacity of the transport system as a whole - roads, railways, metro systems and air services - has failed to keep pace with demand.

This has been particularly noticeable over the past five years as the economy began to grow again after the recession of the early 1980s. The length of the road system, for example, has increased by 2.4 per cent since 1982, compared with an increase in demand, measured in vehicle miles, of 22 per cent.

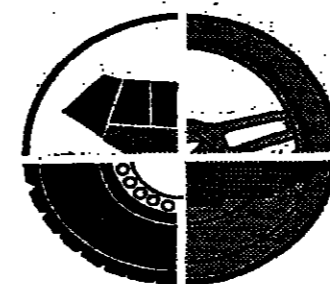
A mismatch between demand and capacity of these proportions was bound to cause congestion problems. But the impact is worst in the crowded south-east of England, home to a third of the population, where economic growth is most rapid.

Several events have combined to push transport problems to the top of the political agenda, including the tragic accidents at Zebrugga and London's King's Cross railway station last year.

However, the issue which served best to concentrate ministerial minds was the construction of the M25 London Orbital Motorway, which was choked with traffic almost as soon as it was opened.

Unfortunately for the Government, there are no quick answers to congestion. It takes up to 10 years to complete a new Underground line, for example, while the lead time for motorways is up to 13 years.

So the pressure on ministers has been to find answers quickly, and to be seen to be doing something in the face of



WHICH WAY FOR TRANSPORT?

public anger. As in other fields, they have turned first to the private sector.

To a large extent, the model has been the privatisation and deregulation of the bus industry, which took effect outside London in 1986. Ministers claim the change of regime has been a success, even though demand has fallen faster than in London, where deregulation will not be implemented until 1990.

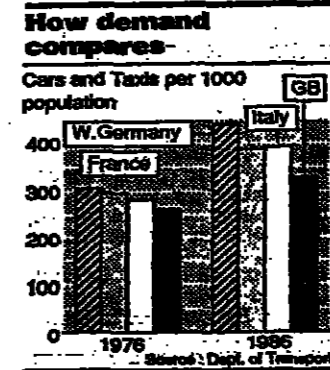
None the less, Whitehall is now buzzing with ideas for applying the twin weapons of deregulation and privatisation to the railways, and to construction of new roads.

Most transport professionals welcome the increasing interest being shown by Whitehall, but there is concern that ministers are ignoring the relationship between transport modes and the mechanisms through which changes to one mode inevitably affect the others.

Dr Stuart Cole, principal lecturer in transport economics at North London Polytechnic Business School, is one of many commentators who say that changes in the ownership and regulation of transport systems cannot solve congestion unless they are part of a co-ordinated policy.

Mr Peter Headicar, chairman of the Royal Town Planning Institute's transport working party, says the most serious worry about government policy is the feeling that ministers are moving towards piecemeal solutions under which they will be ready to accept almost any proposal offering quick results.

Mr Headicar points out that the need for an integrated transport policy was identified 25 years ago by Professor Sir Colin Buchanan, in his report *Traffic in Towns*, produced for



Source: Dept. of Transport

the Transport Department.

Prof. Buchanan concluded that road building had to be allied with a land development policy and improved public transport if there was to be any hope of avoiding the chaos that now seems to be descending.

His advice was almost ignored on a national scale - the Transport Department has long had a clear bias towards road building - and although there was some attempt at integrated planning by the Greater London Council and the metropolitan county councils, that ceased when they were abolished.

Now even the lip service paid to integration by ministers appears to be disappearing. Mr Headicar says: "We are living in an Alice in Wonderland world at the moment because the wisdom which has been accepted for 25 years or more has been progressively undermined over the last five years, and is being turned on its head."

The Institute felt sufficiently incensed by Mr Channon's conference speech to write to him complaining that he had not once used the word "planning," and calling for "a coherent pricing regime which governs the use made of all the different transport modes and which reflects their full social and environmental costs."

The letter continued: "Instead, we are increasingly being asked to accept the pricing of the market place - a market which pays no direct regard to the cost of accidents and policing, to pollution and other forms of environmental damage, or to delays and reductions in travel opportunities experienced by others."

The real problem facing ministers is that congestion is

merely the most obvious of the problems of economic growth, and if growth continues at the rate of the last five years, transport demand will inevitably continue to rise faster than capacity.

As the accompanying chart shows, Britain lags significantly behind comparable European economies such as West Germany, France and Italy in terms of car ownership - one of the key indicators of transport demand. On present trends, Britain is likely to reach West German levels of ownership by the end of the century.

Since there is no prospect of an increase in capacity on anything like this scale, the only solution will be to restrict demand.

This can be done partly through physical measures such as pedestrianised town centres, one-way systems and road narrowing.

But it seems likely that there will also have to be a huge increase in public transport provision, especially in the big cities.

In addition, almost all academics, including those who incline to free market solutions, agree that fiscal measures will also be essential. These could include higher parking fees, deater cars and fuel, or even restrictions on car ownership.

But the most effective would undoubtedly be a system of road pricing, under which motorists would be charged for their journeys by the mile.

One way of doing this, for example, would be by having electronic meters installed.

Mr Channon has prematurely dismissed this idea, which would undoubtedly be very unpopular in its initial stages. But he may be forced to change his mind as the traffic jams continue to worsen.

Meanwhile, the outlook is gloomy. Mr Francis Tibbalds, president of the Royal Town Planning Institute, says he is an optimist about human nature. But even he warns: "Our towns and cities are just going to die if we don't take these issues seriously. People have to start asking themselves whether they really need two cars, and whether they really need to drive to work with just one person in the car. If we can't change these attitudes the outlook is extremely bleak."

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MANAGEMENT

Ferranti

Seeking a premium from a defensive strategy

Terry Dodsworth and Geoffrey Owen explain how the UK electronics group is exploiting its skills in order to drive its technology up-market

If he had a magic wand to create a company from scratch, Sir Derek Alun-Jones, chairman of Ferranti, would "not design one that had 75 per cent of its business in defence. It is not fashionable in the City and it is not the most rapidly growing market in the world - at the moment." But defence, he points out, is hardly likely to be fashionable in the middle of a consumer boom; in times of recession investors appreciate its resilience.

Sir Derek insists that companies have to focus on what their skills are, and where the market opportunities are available. He rejects the view that the British electronics industry's weakness in commercial markets such as TV sets or computers stems from over-concentration on defence.

"There is no connection between the two things," he says. "Japan succeeds in consumer electronics because it has had a big home market, largely protected against imports, and some very big players. We in the UK had a small market, open to imports, and a fragmented industry. It would have been a miracle if a British company had become a world leader in consumer electronics."

In defence, on the other hand, the UK had a large market in the post-Second World War period (much larger than that of Japan or West Germany) and some protection. British companies could develop new products, invest in research and development and become world players. "The concentration on defence has been a source of strength," says Sir Derek.

Ferranti has been driving itself up-market in terms of technology for many years. "If that is what you want to do, if that's what you are equipped to do and the sort of people

you have got, it is no good doing too much technology outside the defence field. Defence is one of the markets that will pay a premium for high technology."

Ferranti takes some 400 graduates a year. They are attracted to the company because they want to do interesting work on lasers and other advanced areas of technology - and because defence is the area where the most exciting work is being done.

Sir Derek describes the process as a sort of "spiral", whereby the pursuit of technology pushes the company into a few areas - "defence, the oil industry, up-market parts of the computer industry" - to which its skills are relevant.

"That is why we are a high technology company and why we are in the fields we are in. It's not that we are particularly warlike." The Japanese, he suggests, are becoming interested in defence partly because it is a driver of technology.

Sir Derek would be happy to have more civilian business. "But it is no good being the 42nd manufacturer of something. We look for things where we have something special to contribute."

To take an unglamorous example, Ferranti has 20 per cent of the UK petrol pump market. "There was an opportunity for us when petrol pumps went electronic, and not just the pumps, but forecourt systems, accounting systems, even company systems - we have been pushing the electronic technology."

Sir Derek is optimistic about Ferranti's Zonephone, which he hopes will win one of the licences for the new "cordless telephone" market. Work on the project started after Ferranti lost to Racal in the competition for the cellular telephone licence. According to Sir Derek, Ferranti was unsuccessful despite, or perhaps because of, its more ambitious plans.

"We wanted to avoid going to the US for the oil, analogue technology - we wanted to start with the digital."

With its home-grown technology and the prospect of large-scale hardware production in the UK, he feels that the Zonephone has strong claims for gaining the new "cordless" licence.

Direct spin-off from defence to civilian markets, at least as far as hardware is concerned, is difficult because technical specifications are so different. Sir Derek is more hopeful about spin-off in software, in such areas as command systems. He thinks the ability to develop very large and complicated software systems will in the long run have an impor-

tant civilian spin-off.

Yet why has Ferranti, in the past two decades, been unable to exploit opportunities in civil markets where it seemed, for a time, to be one of the world leaders? In numerical control for machine tools, for instance, Ferranti had been a pioneer in the early days of development - just as it was in computers and later in semiconductors.

Yet Ferranti is no longer in the NC market (having sold the business to Plessey, the UK electronics group) and the leaders are mainly Japanese and American. The problem with NC at that time, says Sir Derek, was that the necessary computing power was not available at the right price.

"The business would have taken a long time to mature and it did not seem a good proposition to pursue with our own money."

In semiconductors the story was rather different. Ferranti had been one of the first to see the potential of silicon and spent a great deal of money with little return on the business. The big advance came with the development of Application Specific Integrated Circuits (ASICs) where, for a period in the 1970s, Ferranti had a strong market position and made good profits.

"For eight years we made a better return on capital

employed than anyone else in the industry," Sir Derek says. Computer games were running strongly in the UK, and they provided a useful outlet.

In the 1980s the market began to change. "There was no patent protection, the big American and Japanese companies started pumping capital into the business and cutting prices." For Ferranti to have stayed in would have required massive investment and "it did not look like a good proposition."

Ferranti sold its semiconductor operation to Plessey this year.

Sir Derek says: "People urged us to put up plants all over the world and exploit our market position. But there was no way of doing that on any terms that would have made money. Perhaps if we had been bigger we could have lived with the loss for longer, but even that is not necessarily true."

He is amazed at the huge amounts of capital that have been ploughed into semiconductors - and have made negligible returns. "Even the Intels of this world don't make much money... At the end of the day business is about making money and too little profit is being made in semiconductors for the amount of capital that has gone into it."

Was the withdrawal from

semiconductors an example of British short-termism, forced on him by the demands of the stock market? Sir Derek does not see it that way - and he has no complaints about the pressures imposed by the City.

"If you are a public company you accept the criteria under which you operate. Public companies are expected to grow their earnings on a regular basis - that is the bargain you make in return for having your shares quoted. If you are a

chap who is burning with the desire to make the smallest chip in the world you would be wise to find someone to put the money up for you and do it on a private basis."

Over-ambitious pursuit of technology lay behind the numerous crises that have engulfed Ferranti at various points in its 100-year history. One of these occurred in 1975 when Sir Derek was brought in from Burmah Oil and the Ferranti brothers were switched to



Sir Derek Alun-Jones: hopes for spin-off software

a non-executive role.

"The company has had a marvellous facility for slipping on banana skins. As long as it was controlled by the family, says Sir Derek, "it could say: 'to hell with the stock market, we are going to do this', and they did. When I came here I said we had to make some money. They said we don't want to give up all these traditions of innovation and creativity. I said I wanted all that but we had to make some money as well. The semiconductor division might not have been sold under the old Ferranti management who would have clung to it until it made such painful losses that the bank came in and told them they had to sell it."

Sir Derek agrees that the defence business has become more difficult, with lower levels of spending in the US and Europe, and that this will have an effect on the structure of the industry. "People will either take our line - which is that we are already quite big in defence, it's the thing we know best, we are going to specialise in certain technologies and tackle the world market - or, as a number of Americans have done, they will see they are not very big in the field, have nothing special to contribute and get out."

He foresees a period of rationalisation out of which a few major players will emerge. "We want to be one of them."

"After all, he says, a great deal of the world's activity is defence and "it has been a more consistent business than almost anything else over the last 2,000 years. If you compare defence against consumer TV, you are talking about a \$450bn market against a \$20bn market. If you are going to come out of defence, where are you going to find another \$450bn market, especially if your business is high technology?"

Women and office politics

In 1984 Moira Black was appointed the first female partner at the London office of Price Waterhouse, the accountancy and business advisory partnership. Women are still rare at senior levels within the firm; there are just 10 female partners out of a total of more than 350 in the UK.

Nevertheless, employers like Price Waterhouse, encouraged by a forecast that a shortage of skilled workers in the UK will get worse in the 1990s, are giving serious thought as to how they can attract more women and offer them satisfying career development.

In considering how to approach this challenge PW has devised a management course for senior women, many of whom may be facing what management consultants call a "glass ceiling"; that is, they can see no obvious reasons why they are not getting the promotions they believe they deserve.

Rodney Morton, director of Price Waterhouse's Warwick Management Centre, says that discrimination and self-discrimination is a very complex business and women are often not as effective as men in understanding the strategies people employ to promote themselves.

Petty it may sound, but a brief conversation with a superior in the work's toilets or an apparently casual mention of an exciting project to the boss in the pub after an all-male office cricket match are all

constituents of what are called "office politics."

And office politics - about which men tend to have an intuitive grasp - are an important constituent of career development, according to Morton.

Moira Black acknowledges this. She says she recently struck up an informal but very useful conversation about a business deal in the office toilets with a new woman partner. Half way through the conversation they both broke into

laughter. Black says: "We realised that we were excluding men from an important conversation - just like we felt they did to us."

Women who attended the recent pilot for the PW course are obviously aware of office politics but either had difficulty in joining in or else were disabused of the games, says Black. "But you have to play the same rules as men if you want to make progress within an organisation," she adds.

Men, she says, appeared to have fewer qualms than women about making themselves known to the most powerful people in their organisation. The course, she says, taught her that to know how to use people who have control over one's career was critical to getting on.

Black was one of the six PW guinea pigs on the pilot course. She was wary at the outset but, after having completed the four day course, was converted to its merits. "Being given the opportunity to reflect on where I was within the

firm's hierarchy, where I wanted to get and how I wanted to achieve it - was a valuable learning experience," she says.

Organisations such as the British Institute of Management offer several courses specifically for women and mainly at middle management level. The PW course is geared to the needs of senior women.

The course is in two modules and lasts four and a half days. Module one, which can be taken alone and costs £200, examines the individual's personal strategy, personal effectiveness and self image within the workplace. The next module one - "Strategies for the successful woman" - will be held on December 5. The second course, which

costs £400, looks at leadership styles, marketing oneself, dealing with stress and forging alliances.

Black says that many of her male colleagues expressed disbelief as to her reasons for attending the course.

But, by offering the course, PW may even be giving itself some advantages in the marketplace. Carole Butler, a newly appointed consultant at the Warwick Centre, says: "I saw the Price Waterhouse pilot course advertised on the training centre's notice board as I left the interview and this indication that Price Waterhouse took women seriously was one factor in my decision to take the job."

Lisa Wood

Advertisement for Telford featuring images of Japanese businessmen and their views on Britain. Includes names like M. Morita, A. Toda, Y. Yaguchi, M. Sakurai, I. Stevens, K. Takagi, and T. Uehara.

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FINANCIAL TIMES SURVEY

The property market is buoyant along the motorway corridor that links London and Cambridge, writes

Paul Cheeseright. And, provided there is no economic downturn, prices are likely to rise as planners constrain the development stimulated by Stansted Airport.

Planning on a tightrope

A PLOT OF land for an industrial or hi-tech development in Harlow, which early last year could have been bought for less than £300,000, would today cost nearly £500,000.

The leap is a clear indication of property price trends in a key town along the M11 corridor. It is a symbol of the buoyancy of the property market, a manifestation of the pressure for development.

Yet it is difficult to disentangle the factors that are pushing the economic growth along the belt, which stretches from London Docklands to Cambridge, and spilling over into the demand for property.

It is common to think in terms of development corridors, such as the M4 and M3 corridors. This reflects the notion that a good communications channel will attract growth.

But Cambridge has not developed its technology base because of the M11. Nor has London Docklands revived simply because a road has been built to give it a link with the M11 and the motorway network. Each responded to individual pressures — the need for a commercial outlet for the academic and technological prowess of the university; the government-stimulated policy

of regeneration for derelict urban areas.

It is the M11 that, by providing better communications, feeds on economic growth — while the economic growth feeds off the better communications.

The authors of the now well-known study "Eastern Promise" made "the discovery that, not only can the M11 corridor contribute to the recovery of eastern England, but that the recovery of eastern England can in turn help to promote the economic success of the M11 corridor."

What seems to be at work in the M11 corridor is a mixture of internal and external factors.

Initially the economic expansion of the London area westward. There was the focus of Heathrow, the relatively easy access to the metropolis, the availability of executive housing. But the space was finite in the face of environmental considerations. The more popular the western regions became, the tighter the constraints on development, the higher went the property prices.

An national economic growth accelerated, there was inevitably a search for other areas capable of meeting expansion. The north and north-east of



M11 PROPERTY

London, and hence the M11 corridor, have been caught up in that process. Why pay £20 a square foot in Reading if you can have much the same facilities in Harlow for half the price?

But growth was not confined to the west of London. The M11 corridor has a high representation of sunrise technology companies. Like the Thames Valley, it has its own internal dynamic. So property developers looking at the area have been able to make appraisals based on the comparative cheapness of land and the likelihood that economic growth will help to push up rents.

Yet there have been other reasons why the M11 corridor seems an attractive development area. Business activity has increased markedly around Heathrow Airport, so it was not an unreasonable assumption that, as Stansted Airport expanded with a new terminal in the early 1980s, the same thing would happen. And there was the possibility of a flip from the opening of the London City Airport, although the

full benefits of that will not be seen until all the road problems of east London have been sorted out.

Developers could also assume that the area through which the M11 runs would respond to the stimulus of an increase in trade with Europe through the east-coast ports. They could calculate the increased benefits of the communications links created by the M25 around London and the easing of the Dartford Tunnel bottleneck by the Trafalgar House scheme to build a bridge.

But the extension of the M11 towards central London and the longer-range possibility of an East London River Crossing would also be a substantial boost to the communications of the area north and north-east of London. Possibly, too, there will be some impact on the area from the completion of Eurotunnel, though this remains more conjectural.

"Eastern Promise" has observed that there will be a cumulative impact from the completion of these plans.

Their significance is that "they face exactly the same problems down the M11 corridor as they do along the M4 in Berkshire or the M3 in Surrey. They want a balance between environmental considerations and economic development to keep employment at a high level.

The fundamental conditions, then, have been favourable for the property industry: a growing national economy, and a series of development stimuli in the area itself, which would redress the economic balance in the south-east of the country from west to east.

But it is not as simple as that. The M11 corridor is a series of pockets, each with its own advantages and disadvantages for the property industry. There is little question of the corridor's being a ribbon of development running from London to Cambridge. For that to happen, there would have to be many more access roads — a factor particularly important on the northern part of the motorway between Stansted and Cambridge.

Nor is there any desire among the planners to allow

unfettered development. They face exactly the same problems down the M11 corridor as they do along the M4 in Berkshire or the M3 in Surrey. They want a balance between environmental considerations and economic development to keep employment at a high level.

The recent surge in residential property prices in East Anglia reflects, at least in part, a desire among new owners to find, and the desire among established owners to consolidate, access to the countryside. If there is a desire for an unalloyed urban environment, it can be found in London.

There is, then, a powerful lobby against development — or to hold development within certain designated pockets. Local politicians are aware of this, and such awareness is already working through the system.

One of the most important catalysts for development along the M11 corridor will be the growth of Stansted. In an effort to master its effects, the planners have decided to constrain property development

around the airport itself, and instead to try to funnel development into the Harlow area. This will hasten the increase of prices and make sites more difficult to obtain.

Control of development can be seen in the way the Cambridgeshire structure plan is being drawn up. While structure plans are not tablets of stone and can be changed, this exercise will have a signal effect on establishing the development patterns in Cambridgeshire until into the next century.

As things stand — with the amendments sought by Mr Nicholas Ridley, the Environment Secretary, now in the stage of public consultation — the main residential development will be in two new settlements, rather than dispersed. In a similar way, the pressure for Cambridge out-of-town shopping development will be pushed out to an area along the A45. Scarce land in Cambridge itself will be reserved for high-technology industry; general offices will be pushed elsewhere.

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Picture: Alan Harper

In all of this, planners are having to walk a tightrope. Housebuilders complain that the availability of land is below the level needed to meet growing demand. There is nothing new in that, of course. But what is interesting is that, in the case of the Cambridgeshire structure plan, the Government has been prepared to grasp the nettle of the green belt and allow some land to be used for high-technology development.

This pressure on land is as good an indication as any of the way the property industry has begun to respond to the opportunities along the M11 corridor.

A significant factor behind this response has been the availability of finance. This is partly historic. The Investment Property Database, in its latest report of institutional returns from property, noted that last year in East Anglia the institutions were receiving just under 20 per cent on their investments, and that the region had performed consistently well since the beginning of the decade. Rental growth in East Anglia has been among the highest of the English regions.

But over the last year there has been a tendency for the institutions to increase the level of their property investment, thus providing an ultimate buyer for speculative developments.

A recent survey of institutions by Debenham Tewson and Chinnocks, chartered surveyors, showed that East Anglia was an area in which they felt comfortable, at least as far as retail and office property is concerned. There remains a degree of caution about hi-tech properties.

When institutional investment is added to the ready availability of bank finance for development, and combined with the appreciation of the property prospects in East Anglia, the bright outlook for the M11 corridor specifically becomes clear.

But if there should be a downturn in the national economy, then the odds would change.

"Eastern Promise" by Michael Breheny, Douglas Hart and Peter Hall — a report prepared for Derrick, Wade and Waters, 78 Wimpole Street, London W1M 1DD.

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M11 PROPERTY 2

WINDOWS ON THE CORRIDOR: JOBS, HOUSE PRICES, POPULATION, PROPERTY

Table with 8 columns: Location, Employment in high-tech industries & producer services (%), Average house price 1987, Urban area population 1981, District population change (%), Office floorspace growth 1980-85 (%), Industrial floorspace growth 1980-85 (%), Rents for high-tech property per sq ft.

RETAIL DEVELOPMENT

Trafalgar points the way

TRAFALGAR Houses put the A10/M11 corridor on the map last summer when it unveiled plans for Cedar Park Plaza, a giant shopping mall on the corridor's western edge.



In Harlow, retailers and developers are cashing in on the new town's success

Whether or not it gets through a public inquiry, the plan is a sign that the retail development boom has reached the M11. It confirms that the retail market is on the verge of fulfilling the 1986 predictions of Harlow-based surveyors Derrick Wade & Waters in their Eastern Promise report.

The future of two major proposals was secured recently, with the completion of the South Woodford to Barking relief road. The highway extends the M11 south through the London Borough of Redbridge to the Royal Docks.

Harlow is the key M11 location and focus for development in Redbridge. The borough council is backing a £100m shopping scheme called Exchange III, which will add 300,000 sq ft of retail floorspace and 1,200 parking spaces.

According to Surveyors Healey & Baker, the growth from 8.3 per cent to 15.4 per cent reflects the heated competition for the few schemes East Anglia's planners have left in Harlow is about the only location along the M11 to have thrown up suitable sites for modern retail warehouse parks.

town's centre. Harvey Centre has traded successfully for six years, and now the council has earmarked 16 acres to the south for expansion. The hunt is on for a development partner who will provide another 300,000 sq ft of floorspace.

PLANNING

The minister looks south

THE FOCAL point of development in the M11 corridor is Cambridge. Publication in August of the environment secretary's modifications to the Cambridgeshire structure plan leaves some people celebrating but others not.

The main sufferer is Consortium Developments and its plan for a large new settlement north of Cambridge. Consortium proposed 2,400 new homes at Wilburton, but Mr Nicholas Ridley says the scheme has a major strategic disadvantage.

The scheme, which would have been on the A10, was too far from Cambridge, he said, and too close to Ely. However, he did concede that it would meet local demand.

Landowners around Cambridge Science Park have reason to cheer, though, because Mr Ridley has released 300 acres from the green belt for development.

The theme of his decisions is that he disagrees with the county council's push for more development to the north of Cambridge, to serve the less commercially popular Fenland areas, and that instead he wants residential development south of the city, to serve the London commuter belt and Cambridge itself.

From a commercial property point of view, the importance of the decision to build 3,000 houses on the A45 is that the new scheme could include large-scale shopping and a new business park. Six developers have made proposals for the new mini township: Bidwells, Bryant Homes, Twigden Homes, McAlpine and Conran Roche, Bovis and a local group.

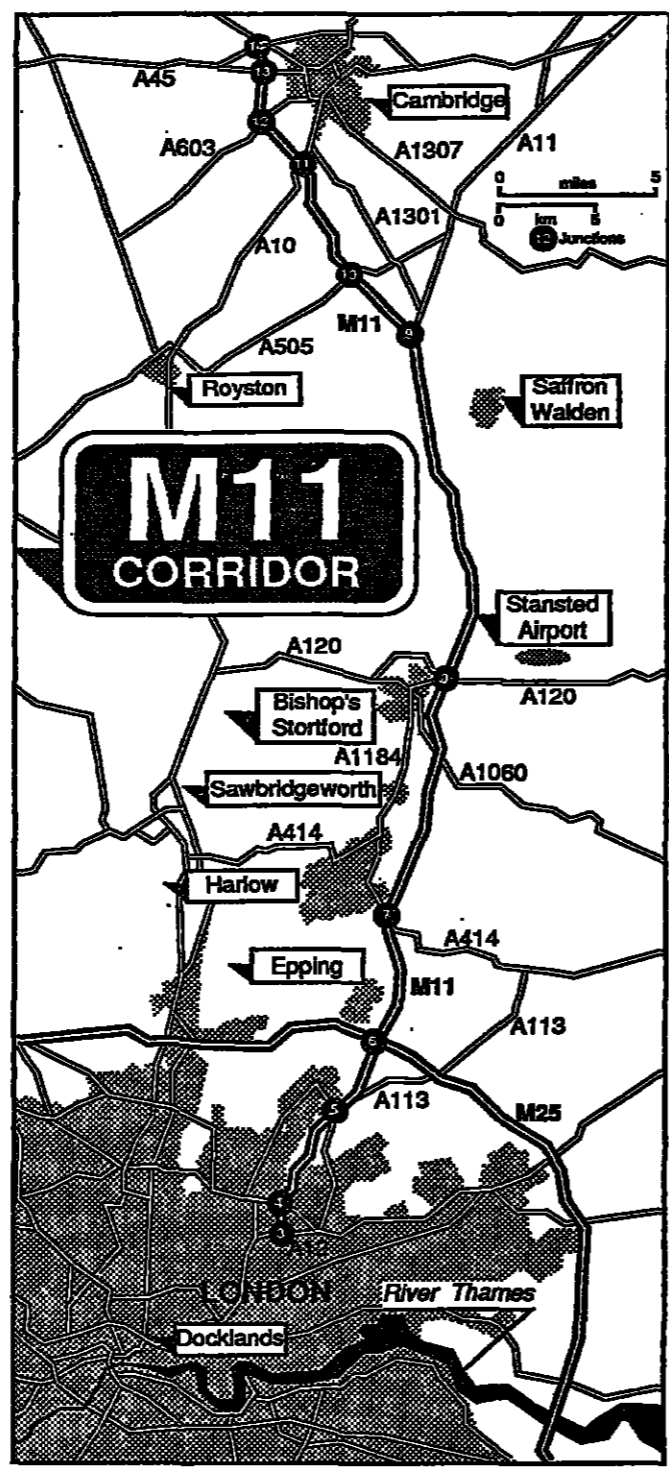
The 1,500-home project on the A10 will have three contenders: Consortium, Twigden Homes and Erosin. All have sites, but it is thought that Mr Ridley will prefer the one closest to the city centre.

owner Camtech put forward plans for high-tech space plus a Sainsbury store on 80 acres in the area, but was turned down by South Cambridgeshire council. Other land which could be used for development includes Cambridge council's allotments and the sewage works at Milton.

There is strong demand for high-tech space in Cambridge and its environs. Trinity College's science park will cover 130 acres when finished, but land for the purpose is running out. The 300 acres released is next to Trinity College's project.

The structure plan has entered the consultation period, and there will be many arguments before the matter is settled. Some county councillors are said to be unhappy about the amount of residential development allowed in Cambridge and the Onse Valley around Huntingdon to serve commuters.

The 52-mile M11 corridor links two major growth areas: Cambridge and London Docklands. It has many additional features that are attracting development and strong economic growth, and therefore the attention of planners. The M11 joins the M25 not far from the Dartford tunnel, giving access to the south coast ports, and is also the link with Britain's newest airport, Stansted. All the new growth means demand is exceeding supply in some areas, and the situation in Cambridge has had a knock-on effect on Ely, Huntingdon and Newmarket, enabling them to share the region's prosperity.



sharply. The main office location in Essex is Ilford, where three major planning permissions have been granted over the past 12 months. P&O has consent for 150,000 sq ft, a financial institution relocating from London, for 40,000 sq ft, and Countryside, for a 35,000 sq ft office village at Clements Court.

Janice McKenzie Chartered Surveyor Weekly

DECENTRALISATION

House prices: fact and myth

HOUSE PRICES tend to shadow economic growth, so in theory values should have soared along the M11 as it has drawn a tentacle of development pressure out of London. Practice is never quite as simple as theory in the property business, however.

Prices have certainly boomed, but this has happened right across East Anglia. Mr Garth Peacock, of Prudential Property Services, says increases as high as 70 per cent have been recorded in the last year, but that growth inspired by the M11 is only one of several reasons - not the least of which are improvements in rail links. So it becomes almost impossible to isolate the influence the M11 has had on house prices.

Another myth is that London is the all-important factor. If that were so, prices would fall progressively as one moved away from the capital. But, at the other end of the motorway, Cambridge is manufacturing its own economic magnetism, raising values in an already expensive town.

Where commuting is an influence, the M11 and M25 together have given housebuyers the chance to hop over suburbs and taste country living in towns and villages farther afield.

This means that prices around places like Chelmsford and Cambridge can be higher than equivalent homes on the London fringes, says Mr Christopher Crook, of Countryside Properties. A three-bed house in his Chelmer Village scheme costs £138,500 - about the same as in the inner London

It becomes almost impossible to isolate the influence that the M11 has had on house prices

suburbs of Tooting or Islington.

This high demand has inevitably brought builders into conflict with planners. Essex has followed the pattern of other counties around London by setting limits well below the demands of builders. Cambridgeshire has decided that there is enough land for future housing needs, but Mr Peacock points out that this is in the northern half of the county. There are plans, however, for a 3,000-home new community somewhere around Cambridge, to help ease the difficulties of attracting staff to local companies.

One battle already won is for a new 3,500-home neighbourhood planned by Countryside, Crookes and Waters for Harlow, at the other end of the motorway. Essex supported this scheme, but Epping Forest stretched out the process by forcing a public inquiry.

Whether these schemes will be sufficient to cope with continuing growth is debatable. The full impact of Stansted Airport has yet to be felt, says Mr Andrew Fieser, of David Wilson Homes. Some 300 new homes have been recommended on the Great Dismow side of the M11, but he doubts whether this will be enough to cope with expansion of the air-

port in the 1990s. Builders are perennial Oliver Twists, always asking for more than they have been given. But if Stansted follows the same path as Gatwick and Heathrow, demand for more land and homes will surge again in a few years as high earnings and extra jobs spill out of the airport.

One other reason for expecting spectacular growth does not even lie on the M11. London's Docklands are still a traffic-jam away from the motorway, but by the 1990s one of Europe's largest growth zones will be linked in to the network. This could have the same effect on house prices in every suburb and small town

along the road to Stansted and Cambridge as the M4 and Heathrow had west of London. It was not so much the M4 that stimulated soaring demand for land and homes and led eventually to the political rows this year between the Government and local planners. It was the airport and the established high-technology industries of the Thames Valley which sucked further growth along the motorway.

It may be hard to isolate the impact of the M11 on housing and land prices today, but as Cambridge, Stansted and Docklands develop in unison, that task will get easier every year.

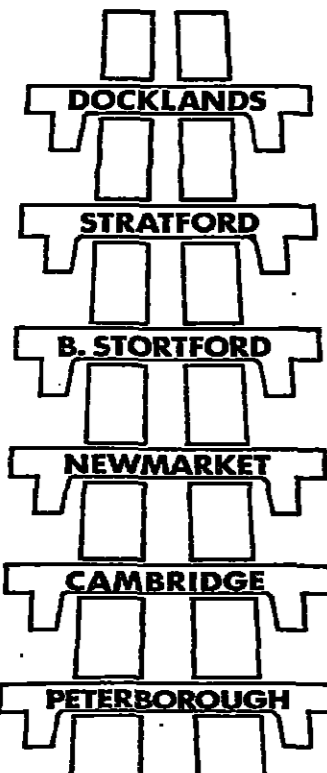
David Lawson Chartered Surveyor Weekly

Charles Firth, of Grosvenor Developments, confirms that the shopping floorspace is likely to be around 250,000 sq ft. Grosvenor, as developer of the city's Grafton Centre, knows the Cambridge market well. It is shortly to start a £20m extension that will boost the Grafton Centre to 450,000 sq ft. BHS, long keen to get into Cambridge, is tipped to take the extension's anchor store.

Jane Roberts Chartered Surveyor Weekly

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M11 PROPERTY 3

High technology: the M11 offers a less expensive alternative to the M4 corridor

Harlow looks well placed for a boom

THE M11 corridor, like its M4 rival, offers the ideal environment for high technology firms...

commitment by any standards. Plans for phase one include 100,000 sq ft of high-tech business space...



At Histon, near Cambridge, Vision Park will provide a large amount of high-tech business space

Traditionally, the M4 corridor has hogged the limelight, but as land prices exceed £1m an acre...

Cambridge, at the northern end, has become well established as a high-tech location through the knock-on effect of the Cambridge Science Park...

Proximity to the M25, M11 and Stansted airport give Harlow threefold appeal to high-tech firms...

The site, close to the M25 and M11, will benefit from being one of the few major business parks around Stansted Airport...

According to ARC, the business units could easily attract £10 a sq ft, which is high for Harlow...

Mr Watt says: "Most of the high-tech land sales around Harlow are to developers. They're taking the risk and building speculatively."

Harlow are to developers. They're taking the risk and building speculatively. Although demand is increasing, there is still very little speculatively-built space...

The remaining units, of around 4,250 sq ft each, are available through Harlow agents Derrick Wade & Waters...

Youngs, joint managing director of East Anglian developer Denoura: "There's very strong demand for space in Bishop's Stortford, because it's so close to Stansted..."

Mr Bennett says high-tech development in Bishop's Stortford is frustrated by a combination of planning restrictions and the lack of available development land...

According to Richard Youngs, joint managing director of East Anglian developer Denoura: "There's very strong demand for space in Bishop's Stortford..."

38,000 sq ft at rents of £10 to £11.50 per sq ft. Denoura expects higher rents for the Cambridge Innovation Centre 2...

Traditionally, Cambridge is the most active high-tech region on the M11, but its buoyancy is by no means dependent on its motorway connections.

According to Harry Bennett, at Bidwells, the managing and letting agents on Trinity College's Cambridge Science Park...

Mr Bennett says: "Firms use the M11 to get to London, but they do not come to Cambridge because of the M11."

Domonic Morgan Chartered Surveyor Weekly will further promote. Businessmen using Stansted will be looking for branch offices and sub-depots.

THE STANSTED EFFECT

Disciplined development

THE NEW TOWN of Harlow was once the ugly duckling of the London-Cambridge corridor...

Now all is forgiven. With the expansion of Stansted Airport, following the opening of the M25 and M11, Harlow stands ready, along with Braintree...

£570,000 an acre. Johnson Matthey has now put up for sale 15 acres occupied by a smelting works...

The business park, which requires site preparation, went for £340,000 an acre. Building the 750,000 sq ft of floor space starts in the spring...

is still a homely place, with 2,000 people working there and about 1m passengers a year...

Local authorities, which opposed the development of Stansted, had to draw up a plan to cope with it when the Government gave the go-ahead...

planning in a sensible way. We are not going to have urban sprawl, as around Gatwick and Heathrow.

At the district council, Mr David Beales, who calls Bishop's Stortford a rather delicate flower, holds out no hope of this. He says: "We are looking to find space for some more retail if we can do it without spoiling the town's character..."

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Advertisement for Johnson Matthey's 15-acre development site at Edinburgh Way, Harlow. Includes contact info for Swebey Cowan and Hillier Parker.

Advertisement for Grimley J Reye Chartered Surveyors. Located on the instructions of Matchbox Toys Ltd. Contact: 01-895 1515.

Advertisement for M11 Law, Wild Hewitson & Shaw solicitors. Specializing in commercial property issues along the M11 corridor.

Advertisement for EM CORRIDOR. The M11 corridor is where much a part of Emson's success is demonstrated in its location and reputation in the corridor.



The innovation centre, opened last year by St John's College

PROFILE: CAMBRIDGE

Science parks are increasing

IN COMMERCIAL property terms, Cambridge is best known as the home of the science park. Cambridge Science Park was the first of its kind in the country...

for high-tech purposes as well as for retail warehousing. The big news on the shopping front in the centre of Cambridge is the redevelopment of the Joshua Taylor department store...

At the Melburn Science Park, nine miles outside the city, LCP Properties, have developed the first phase of 50,000 sq ft. Most of the units are let at £5.50 per sq ft...

However, Eaden Lilley decided to team up with Grosvenor Square Properties for their scheme, so the future of the area is uncertain.

The new centre will cater for small or growing companies which do not need a closely managed environment, such as is provided at the Innovation Centre opened last year by St John's College.

Likely to go ahead soon is phase two of the Grafton Centre, where 18 months ago developer Grosvenor Estates made a deal with local builder Coulsons for the latter to move from 1.25 acres in East Road to a council-owned site in Cowley Road.

Although best known for this side of the business park/industrial market, Cambridge is currently suffering from a shortage of warehousing space. There are now no new warehouses in the area...

A popular market in the office sector is that for small freehold offices. Units of up to 3,000 sq ft are popular, and good space with parking can fetch £200 a sq ft.

Table titled 'CAMBRIDGE: SPECULATIVE BUSINESS PARKS Space completed in 12 months to August'. Columns: Scheme, Developer, sq ft built so far.

Source: M11 Corridor Review, August 1988

PROFILE: LONDON DOCKLANDS

Better roads are the key

EXTENSION of the M11 close to the Royal Docks has pushed up property values in Barking, at a time when development plans for the Docks are helping to revive confidence in the area.

the Isle of Dogs, for example, the main stimulus was the activity of the London Docklands Development Corporation. Now, the Isle of Dogs where Canary Wharf, the largest offices project in Europe, is being pushed ahead by Olympia & York - has an impetus of its own.

And the councils - Barking, Newham, Tower Hamlets - are also trying to generate employment. They have been purchasing sites and then selling building leases to owner-occupiers or small development companies to construct workshops or starter units.

Ms Roper suggested that, once better communications were in place, the area between Barking and Ilford, and some of the industrial land on Hackney Marshes, could see increasing development.

This is not to infer that nothing is happening in East London outside the Development Corporation areas. The London Borough of Barking and Dagenham, the Central Electricity Generating Board and Moun-

In any case, development has not been without its problems. Its speed, and the escalation of land values, coupled with the influx of new homeowners, has created tension in local communities; and there has been resentment over the perception of jobs created as unsuitable for local residents.

ARTS

CINEMA

Olé for High Camp originality

There are sublime films and ridiculous films, and there are films which - defying probability - are both. Law Of Desire, by the Spanish writer-director Pedro Almodovar...

LAW OF DESIRE (19) Pedro Almodovar

SWITCHING CHANNELS (PG) Ted Kotcheff

HIGH TIDE (15) Gillian Armstrong

U2 RATTLE AND HUM (15) Phil Joanou

capital letters. The letters just happen to be in primary colours, and the doom just happens to be transmuted into wacky metaphors. Almodovar clearly believes in the ideal of fearless passion...



Hosed down on a hot Madrid night: Carmen Maura in 'Law of Desire'. Front Page then Hecht Front Page. The kleenex emotion when David's Mum-in-law (Jan Adele)...

Ave Maria

ALMEIDA THEATRE

In their third month season at the Almeida in Islington, Theatre de Complicite are offering a generous mixture of past work...



Linda Kerr Scott

Irrelevantly weak coda, Miss Kerr Scott (who appeared earlier this year in the Hammer-smith Faust)...

Steve Reich

ELIZABETH HALL

The final concert of the South Bank festival of music by Steve Reich was given on Wednesday in the Queen Elizabeth Hall...

Dead Dreams

ICA

Homosexual murder and necrophilia might not seem the most promising material for a dance piece, but in Dead Dreams of Monochrome Men...

Die Jakobsleiter

FESTIVAL HALL

Schoenberg's "oratorio" (for want of a better word) Jacob's Ladder is unfinished, and almost unmanageable...

ARTS GUIDE

LONDON

Messiah For Migrants (Basilian). Pick of the BBC London repertoire, a gripping revival by Nicholas Hynes...

NEW YORK

Cats (Winter Garden). Still a major attraction in the Broadway district of Times Square...

UTRECHT

English Shakespeare Company opens its Dutch tour of all the history plays with Richard II (Tue), Henry IV, Part 1 (Wed)...

WASHINGTON

Driving Miss Daisy (Eisenhower). Julie Harris stars in the Pulitzer Prize winning play about a black chauffeur and his elderly, understanding mistress...

TOKYO

Kabuki, performances at 11am and 4.30pm. The mixed morning programme includes a seasonal piece, Momiji Gari...

November 4-10

Enemy, a tale of vendetta is written as a performance in the home-batic, highly theatrical "ara goto" style...

November 11-17

Through the grand formal power of Moses is something else, the strenuous (and even marvellous) self-exposure here is rendered in extraordinary music...

Camden Contract Hire NATIONAL INFORMATION CENTRE (0525) 851655

POLITICS TODAY

Fighting on when war is over

By Joe Rogaly

If you should by chance find yourself addressing a member of Her Majesty's Government during the next week or so, please remember that only a few selected phrases are permissible.

Any of the above will do. What will not do are phrases like "But what if inflation heads above 8 per cent/9 per cent/10 per cent?"

Take, for example, Tuesday's revolt in the House of Commons over the imposition of a new tax on the wealthy.

Foreign investors love the teeth and specs row. They like governments which crunch tendencies towards lax control over public expenditure

strength so well. Combined with a determined set of Tory rebels, it nearly deflected the Government. You might think that a Cabinet with any sense of humility or constitutional propriety would pause after seeing its majority fall from over 100 to just eight.

In fact the official view is that the House of Commons has now shown on two separate occasions that it approves of the teeth and specs changes.

matter of fact that probably would be wrong. The upper chamber is a constitutional absurdity. Labour's growing habit of running towards it in the futile hope of being saved from this or that manifestation of Thatcherism is becoming farcical.

The answer should be obvious; but it is worth rehearsing. It is based on a pair of Thatcherite icons, each requiring its own degree of worship. The first is Foreign Confidence. This is paramount. We need foreign bankers to finance the current account deficit.

Consider the view from inside the bubble. It looks like this: those foreign investors will love the teeth and spectacles row. They like to see governments crunching any tendencies towards lax control over public expenditure.

This complacency connects us directly to the second icon, which is a graph. It indicates the proportion of gross domestic product that is devoted to public expenditure. The figure rose from around 26 per cent in 1984 when Harold Wilson first took office to a peak of just 48 1/2 per cent in 1975/6, after which the Labour Government under James Callaghan and the IMF began to bring it down. It fell sharply, but rose again almost as much in Mrs Thatcher's early years.



ward and visible sign of that icon of icons, "sound money". What is more, it is not demanded by Foreign Confidence alone. It is also regarded by the most deeply Thatcherite members of the Government as a natural concomitant of the increase in the wealth of individuals.

tradition of setting new spending ministers off to a good start with a suitable dowry. When Mr Kenneth Baker became Education Secretary in 1986 he was given a dowry with which to buy off the teachers. There has been no comparable increase in the education budget since.

LOMBARD

How banks can break free

By Clive Wolman

The world's central bankers have been busy congratulating themselves over the last few months on their vision and diplomatic skills in reaching an agreement to impose common minimum standards of capital backing for all banks.

As more banks move into the securities industry and find ever more sophisticated ways of taking on and laying off financial risks alongside their traditional credit risks, the central bankers are going to have to run faster and faster to stand still.

Even the limited accord reached in July suffers from crude and competition-distorting simplifications. If the central bankers have to assume that a loan to some small and risky mining venture bears the same risk of default as a loan to IBM, what chance is there that they will agree on any more subtle distinctions?

One might have expected the commercial banks to flex their powerful muscles against the rules that emerge from all these central bank junkets. But Western bankers collude with the system because of the entry barriers it erects protecting them from the encroachment of too many price-cutting and innovative upstarts.

commercial or investment bank should be permitted to opt out of the capital adequacy regulations set by the central bankers on the presentation of a certificate from an acceptable insurance company guaranteeing it against insolvency.

The insurance company would have to impose its own capital adequacy standards and monitoring. The reinsurers to which most of the risk would ultimately be passed, if the bank guarantee business became important, would wish to be satisfied that the company's standards and monitoring were up to scratch.

But the system would allow, for example, an entrepreneurial merchant bank to underwrite a securities issue worth several times its own capital base for a day or two. If it could negotiate such flexible capital requirements with its insurer, insurers will always find it easier than international conventions of central bankers to take into account both individual circumstances and the latest financial innovations.

The bogeyman of the central bankers, a systemic collapse in which banks fall sequentially like a row of dominoes, would also fade as more banks opted out of the central bank safety net. The banking system would instead be plugging into the world insurance market and its multi-trillion dollar loss-absorbing capacity.

LETTERS

American Airlines showed the way

From Mr D.N. Odling. Sir, Now that last summer's chaos in the air has subsided, it is worth commenting on the absurdity of waiting while further air traffic studies for the south east of England are being conducted.

We do not need studies and inquiries to establish whether customers exist north of Watford: ask American Airlines, whose daily service to Chicago from Manchester is a profitable success.

Soviet record on freedom of movement

From Mr Michael Isaacs. Sir, In giving Mr Gorbachev the chance to host a human rights conference in return for 300 political prisoners, Chancellor Kohl of West Germany has forgotten the 400,000 Soviet Jews still denied their fundamental human right to choose to leave the Soviet Union.

Debtor nations should have more aid, not less

From Mr David Jones. Sir, At a time when the Chancellor assures us of the UK's improving economic performance, the modest increases in UK overseas aid, announced on Tuesday, may keep this just ahead of inflation.

is mounted they shout "foul" and claim more time for BA to establish services from the north of England and more access for BA to the US market.

Both have the ear of the Department of Transport. Because bureaucracy's vision extends little further than that which can be seen from the windows of Whitehall, nothing is done to improve matters, after all, it is only customers from the north who foot the bill for the inconvenience of having to travel via London.

Contrary to the image projected by the Gorbachev propaganda machine, the Soviet Union's record on freedom of movement is worse than under Mr Brezhnev 10 years ago. This year only 17,000 Jews, probably, will be allowed to leave the Soviet Union, compared with over 51,000 in 1979.

tion for Economic Co-operation and Development) figures. This at a time when there is a net outflow of funds from sub-Saharan Africa, largely caused by the debt crisis and collapsing commodity prices.

buying near-bankrupt British Caledonian (BCA), with its fleet of clapped-out planes, compared with the huge potential benefits to be derived from the arrangements with United Airlines.

The only answer is competition. If PanAm and American Airlines want to fly to New York, and NorthWest to Boston, from Manchester, let them try. No study or inquiry is needed to resolve that.

Mrs Thatcher is now the only western leader to stand in the way of Mr Gorbachev's achievement of the ultimate propaganda coup. Her uncompromising stance offers the only hope to many thousands of refugees.

At its best, it can make a significant contribution to particular sections of populations, and to the services they need so badly.

Automated executions

From Mr George Hayter. Sir, Further to recent press comment on the relationship between SAEP (Stock Exchange automatic execution facility) and other automated execution services, I should like to clarify some points regarding the role of the central systems developed by the Stock Exchange and the systems developed by individual firms.

In particular, the Financial Times reports me (November 2) as saying that the fabric of the central market would be damaged if individual firms were allowed to offer order processing services that were properly the preserve of the Exchange.

The introduction of SAEP is designed to ensure that competition among market makers (and among brokers) is fair and visible.

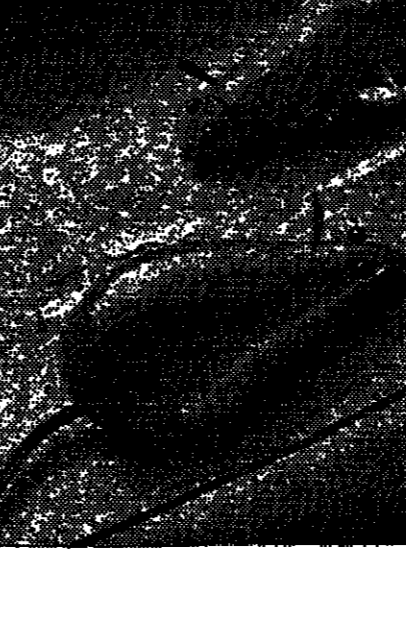
True and fair view

From Mr Peter Evans. Sir, In view of the referral of Minorco's bid to the Monopolies and Mergers Commission, Gold Fields' board "does not intend to post to shareholders the valuation of Gold Fields referred to in the letter to shareholders dated October 15".

More and more plastic is being used in cars these days. But plastic rubbing against plastic gives the same squeaking sound that mice produce.

To solve this problem, silicone oil was added to the plastics. But that had an unfortunate side-effect. It meant that you couldn't achieve deep, bright colours.

The oil came to the surface and caused a dull mat layer. At DSM, one of Europe's largest chemical companies, we found the ideal solution.



we found the ideal solution. Our researchers developed a special plastic which met all the requirements.

It can be given any colour - exactly. It is impact-resistant, retains its colour, has an extremely long life, and can stand up to heat. Welding, painting, and gluing offer

no problems. And that irritating squeak - for that's what it was all about - simply doesn't occur.

So, although you will find more and more plastic in your car, you will now also find more peace.

DSM logo and text: If we don't have a solution, we find one.

We've cleared the way for quiet driving

DSM is a registered trademark of DSM, The Netherlands.

SAA make the difference.

FINANCIAL TIMES

Friday November 4 1988

TROLLOPE & COLLS CITY REFURBISHMENT-FITTING OUT MAINTENANCE 01-377 2500

Defiant Brazil fights debt burden

Finance Minister da Nobrega outlines his strategy to Ivo Dawnya

Mr Mailson da Nobrega, Brazil's Finance Minister, yesterday welcomed the completion of his \$5.2bn refinancing agreement...



Da Nobrega: no intention of confrontational stance

There has been a mounting clamour for an end to debt conversions from the Brazilian left, which claims that the scheme is fuelling the money supply and is being abused by speculators...

look for new ways of reversing the net outflows of capital abroad. "We must start to explore methods for reducing the stock of debt," he said.

view, however, Mr da Nobrega concentrated on the pressing internal economic problems arising from an inflation rate which is now more than 27 per cent a month.

used throughout the economy and the "unfavourable expectations" that led to constant price increases. Rejecting "shock" measures, Mr da Nobrega argued that the planned tripartite "social pact" with unions and employers would pre-empt monthly inflation targets...

He said congressional approval would have to be reasonably rapid, though there was no prospect of an accord influencing November inflation, which should remain below 30 per cent.

Delhi to sell profitable TV tube maker

By K. K. Sharma in New Delhi

THE INDIAN Government plans to privatise a highly profitable part of the public sector Bharat Electronics Company which makes black and white television tubes and form a new company in partnership with an American and an Indian company.

The move being considered by the Government is being strongly resisted by workers of Bharat Electronics who have tried to obtain a court injunction against it and to launch agitation throughout the country.

The Indian Government. It has already announced that Scooters India is to be sold to Bejat Auto and negotiations on this are in a final stage.

in the paid-up capital of Rs200m of the new company, leaving Bharat Electronics 20 per cent. The workers claim that the proposal will mean the company will be financed from the assets of the Talaja plant.

Moscow favours plan for free economy zones

By John Lloyd in Moscow

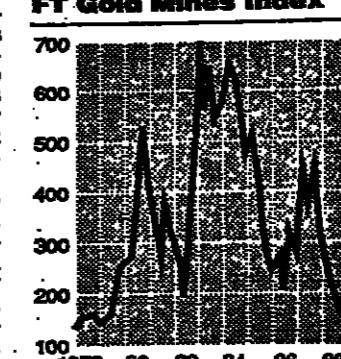
A SENIOR Soviet economist has made a strong plea for the creation of extensive free economic zones on the Chinese model, in which foreign companies could set up enterprises free of many of the bureaucratic and tax rules which affect most of the rest of the country.

He limit ourselves too much to one form of activity and we are too worried about binding our partners without taking account of their interests," he said.

Prof Khazbulatov said zones should be designated in the southern part of European Russia, to attract companies from Western Europe, and in the Soviet Far East, to attract "the industrial tigers of Asia."

Maxwell balances his books

FT Gold Mines Index



lower than it was this time last year, and much of its recent run has been in the slipstream of the platinum price which has been roaring ahead.

If Mr Robert Maxwell has indeed landed Macmillan - and last night, it was looking increasingly likely - the market will have to stand back and reconsider its view of him.

The problem is partly of the company's own making: the decision to keep 40 per cent of RIT has made the trust bid proof, scarcely a bull point in a sector where most of the excitement is in predicting the next trust to be taken over.

Electra The sight of Electra House Investment Trust, the guardian of the small unlisted company, pushing its biggest and most successful investment into the unfriendly arms of a bidder is not a pleasing one.

Bond Corporation

Investors in Bond Corporation must wish that Mr Alan Bond would underline his confidence in his own company by following the example of Mr Tiny Rowland, who has just spent upwards of \$16m increasing his Lorrho stake.

Videomusic, Virgin in satellite TV talks

By Alan Friedman in Milan

MR RICHARD BRANSON, chairman of Virgin Group, the UK leisure and entertainment concern, was last night meeting senior executives of Videomusic, the Italian rock music television station, in an effort to resolve differences that had arisen over financial arrangements.

over the financial commitment expected from Mr Branson's Virgin group. In particular, Mr Marcucci said he expected Virgin to "do more than merely sit by while we inject fresh capital into Superchannel."

Newspaper's surprise rejection deals Dukakis wounding blow

By Lionel Barber in Washington

GOVERNOR Michael Dukakis has suffered many blows during his presidential campaign, but one of the hardest came this week when the Washington Post, one of the country's leading newspapers, declined to endorse his candidacy.

In fact, the Post's uneasy straddle is the result of conflicting views within the small group which decides editorial policy and which agonised about falling to one side or the other.

with a less doctrinaire stance, a view certainly shared by the heir-apparent, Mr Graham. Mr Rosenfield agrees that President Reagan has also influenced the paper's views, particularly on US-Soviet relations.

As the Financial Services Act begins to bite, the number of independent financial advisers is dwindling rapidly

This is bad news for the mutual insurers.

Cut off from their traditional source of revenue and lacking a sales force of their own, their future looks less than rosy.

Could this be the kiss of death for the life assurance industry as we know it?

Find out in this week's issue of The Economist.

The Economist

World Weather table with columns for location, temperature, and weather conditions.

Thatcher advocates Polish freedom

Continued from Page 1

have to go hand in hand with greater democratic freedom. In talks with Mr Miocyslaw Rakowski, the Polish Prime Minister, earlier in the day, Mrs Thatcher made no attempt to deny the suggestion when her Polish host suggested the Paris Club of Western creditor nations should consider rescheduling Poland's huge official debt, totalling \$27bn, with another \$10bn being owed to private creditors.

General Jaruzelski had some sharp comments to make on Mrs Thatcher's view of the situation in Poland and East-West relations. He said he trusted that differences in his-

tory and political systems would not impair people's perception of the "deep reforms and the irreversibility of the process of renewal in Poland." General Jaruzelski stressed that the Polish people had suffered greatly as a result of Western trade and financial restrictions and that full normalisation of Western countries' economic relations with Poland had still not taken place.

Referring to Mrs Thatcher's emphasis on the need for Warsaw Pact countries to respect fundamental human rights, General Jaruzelski said he rejected a selective approach to the problem which divided human rights into bigger and lesser rights.

Vertical sidebar containing various advertisements including Vita, Redfern, and others.

COMPANIES & MARKETS

Friday November 4 1988

TRAVIS & ARNOLD Timber, Building Materials, Heating and Plumbing Equipment for the Construction and Allied Trades.

vita 21st CENTURY MATERIALS AND TECHNOLOGY TODAY BRITISH VITA PLC

Redfeam battle a tale of the unexpected

In an age when borders appear no barrier to the machinations of big business, and international mergers and acquisitions are familiar occurrences, the tale of the battle for Redfeam, UK packaging group, is still an unusual one.

Sweden's PLM as the leading candidate to bid, and certainly not through the major stake owned by an Australian company. Page 23

Platinum shows its mettle

The price of platinum is surging beyond normal expectations as the Japanese rushed this week to buy the white metal. But platinum is also putting in a shining performance in the longer-term investment market, where gold has been lacklustre this year.

Japanese share scandal knocks equity star off course

The share scandal which rocked Japanese politics has dealt a devastating blow to new issues, once the star performers in Japan's equity market. Since the scandal put the spotlight on issue pricing, the Ministry of Finance has taken a keen interest in the price trends of new issues.

Israeli entrepreneurs aim for export market in security

Israel's national obsession is being put to rest as the country's entrepreneurs aim for the export market with great success. Entrepreneurs have found that selling security can be an extremely lucrative business.

Brazilian banks open their doors to foreign investment

Foreign banks are rushing into Brazil for a unique opportunity to capture a once-forbidden market while making the most of their depreciating Brazilian loans.

Akzo up as market share grows

Akzo, Dutch chemicals and fibres group, reported a sharp rise in third-quarter profits following increases in chemical and among the non-consolidated companies.

Market Statistics table with columns for Stock indices, Foreign exchange, and Company prices.

Chief price changes yesterday table with columns for Company name, Price, and Change.

LONDON (Pence) table with columns for Company name, Price, and Change.

Maxwell set to secure control of Macmillan

By Roderick Oram in New York

MR ROBERT MAXWELL seemed certain to gain control of Macmillan, the New York publisher, in the early hours of this morning to fulfil a long-held and sometimes frustrated ambition to become a major force in US publishing.

Brawling over brands on the bar-room floor

Lisa Wood looks at Scottish and Newcastle's fight to stem the tide of Foster's lager into British pubs

The £1.6bn (\$2.5bn) takeover bid for Scottish & Newcastle Breweries by Elders IXL, the Australian brewing and pastoral group, has turned into a battle over brands.

S&N, the Edinburgh-based brewer, has made a bid to acquire the Newcastle-based Breweries, which includes the 'amber nectar' which was the first Australian lager to make a big splash in Britain.

Courage's strategy, to maintain its volumes and push sales of its lager, appears to have been successful. Over the past two years, says Mr Mike Foster, Courage chief executive, total beer volumes have risen 11 per cent with Foster's spearheading the growth.

Mr Foster strongly disputed any accusation that Courage had neglected its ale. For example, John Smith's bitter once only a Yorkshire brand - was now sold nationally and had a £2m promotional budget this year.

But Courage spends most of its advertising budget on lager. The total more than doubled in a single year to £2m in 1988. Foster's alone was promoted with £5.3m of advertising (to which other distributors contributed), compared with the £5.4m spent on Bass's Carling Black Label.

Liquidator appointed at Australian merchant bank

By Chris Sherwell in Sydney

PROVISIONAL liquidators were appointed yesterday at Rothwells, the Perth merchant bank, after it failed to negotiate new credit lines and admitted being unable to meet debts running to hundreds of millions of dollars.

Bond Corporation sells 13.4% holding in M&G

By Nikki Tait in London

M&G, BRITAIN'S largest unit trust group, yesterday saw the potential threat of Mr Alan Bond, the Australian businessman, disappear from its share register as Bond Corporation, his Perth-based group, placed out its 13.4 per cent stake.

Aurora of UK rejects £138m bid from ANI

By Ray Bashford in London

AUSTRALIAN National Industries, Australia's leading heavy engineering company, yesterday launched a hostile takeover bid which values Aurora, the UK engineering group, at £138.1m (\$246m).

ANI, rebuffed by Aurora last month when it was offering 140p a share during takeover talks, has returned to fight from a strengthened position.

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Aurora of UK rejects £138m bid from ANI

Advertisement for FLEMINGS featuring a cartoon of a man holding a large amount of money (£100,000!!) and the headline 'WHO IS THERE LEFT TO TAKE YOUR PORTFOLIO SERIOUSLY?'.

Top ten UK beer brands by advertising

Table listing top ten UK beer brands by advertising spend, including Carling Black Label, Guinness, Tennent's, Heineken, Carlsberg Pilsener, Foster's, Miller Lite, Holsten Pils, Carlsberg Special Brew, and Carlsberg.

INTERNATIONAL COMPANIES AND FINANCE

AIG bucks trend with 25% rise

By James Buchan in New York

AMERICAN International Group, the highly regarded US insurance group, yesterday bucked the downward operating trend of US property/casualty insurers with a 26.3 per cent increase in operating earnings in the third quarter.

September quarter were \$123.1m or \$1.35 a share. At the nine-month stage, earnings were up 16 per cent to \$381.5m or \$3.96 a share.

The 'improvement' came despite a 28 per cent drop in net premium volume in the third quarter, to \$427.7m, as the primary market showed itself increasingly reluctant to cede risk.

US to block GE silicone venture with Carbide

By Anatole Kaletsky in New York

THE US Federal Trade Commission said it would block a plan by General Electric and Union Carbide to combine all their silicone-based chemical operations into a worldwide joint venture.

anti-competitive impact of a merger or joint venture. The joint venture, which was announced by GE and Carbide last May, would have produced a business with worldwide sales of about \$750m annually and covering the whole range of silicone-based products.

the GE-Carbide argument that a consolidation between the two companies would intensify competition, rather than diminish it. Commission officials noted yesterday that GE, which was to become the senior partner in the venture with a 70 per cent stake, was already the world's second biggest silicone producer.

Companies are frequently able to agree with the FTC's staff on actions such as partial asset disposals to lessen the

The FTC, however, appears to have been sceptical about

only a limited range of products.

CB Pak to sell plastic pack unit

By David Owen in Toronto and Maggie Urry in London

CB PAK, the Canadian packaging manufacturer, has agreed to sell its Twinpak plastic packaging subsidiary to Amcor, an Australian pulp, paper and packaging conglomerate, in a deal valued at C\$160m (US\$121m).

Black and Decker advances

By Roderick Oram in New York

BLACK and Decker has turned in record earnings for fiscal 1988, reflecting in part the introduction of new power tools and domestic appliances in the US and more aggressive promotion in Europe and other foreign markets.

from \$56.6m or 95 cents a year earlier. Sales grew by 18 per cent to \$2.28bn from \$1.94bn.

uses to exceed our initial optimistic forecasts." The company introduced a further two dozen products towards the end of fiscal 1988 which it believes will sustain sales growth in the current year.

AEG buys 39% stake in California chip maker

By Louise Kehoe in San Francisco

AEG of West Germany, a member of the Daimler-Benz group, has agreed to acquire a 39 per cent stake in Siliconix, a California semiconductor manufacturer.

Net profits for the fiscal year ended September 25 rose 75 per cent to \$97.1m or \$1.65 a share.

Boeing to raise output of 737s

By Michael Donne, Aerospace Correspondent

BOEING, the world's biggest manufacturer of jet airliners, is to increase production of the twin-engine 737 short-to-medium range jet airliner because of continued high demand.

Cross & Trecker unable to staunch large losses

By Anatole Kaletsky in New York

CROSS & Trecker, the big Detroit-based group which has acquired numerous machine tool companies all over the US in recent years, continued to make substantial losses in the last year and quarter, despite the benefits of the lower dollar and the upsurge in capital spending by US manufacturing industry.

Canadian firm pulls out of BS sell-off

By David Owen in Toronto

RBC Dominion Securities, the largest Canadian securities dealer, will be absent from the underwriting group which is to market the Canadian tranche of the British Steel equity issue when the state-owned company is privatised later this month.

These have become a key concern to securities firms since last year's sale of shares in British Petroleum was turned into a financial disaster for those participating by last year's stock market crash.

Advertisement for Sumitomo Trust & Banking Co., Ltd. featuring various financial products like revolving credit facilities, secured mortgage finance, and secured loan facilities for companies such as The British Land Company PLC, Bredero Properties Plc, Randsworth Trust PLC, Ossory Estates plc, Dares Estates Plc, and Control Securities plc.

INTERNATIONAL COMPANIES AND FINANCE

Exporting a national obsession

Laura Blumenfeld looks at the thriving security business in Israel

A growing number of Israeli entrepreneurs are finding ways to package the country's national obsession - security - for export.



Israel today - where security lessons are being learned

These businessmen, most of whom have backgrounds in local and overseas intelligence work, are expected to generate as much as \$80m in sales abroad this year.

Because of the sensitivity of many of the services, every overseas sale must be approved by the Defence Ministry.

Mr Uri Ahiel, general manager of Trans Security Fences, a company which specialises in electronic and computerised fences, believes his nationality helped him beat dozens of bidders for the installation of an intrusion detection system for the 1988 Winter Olympics at Calgary, Canada.

"If you have a reasonable product, and you also happen to be Israeli, the doors swing wide open," Mr Ahiel says.

One of the more successful products born out of years of security work was developed by Mr Yoel Labovick of Labovick Defence Industries.

passive infra-red detectors which does most of its business in the US and Europe, had a turnover four years ago of only half a million dollars.

One area where being Israeli is especially helpful is airport and aviation security.

Mr Rilov - who calls himself "just a nice Jewish boy" but is reputed to be a former officer in the Shin Bet, Israel's domestic security force, provides other services, including security audits for European banks and systems to protect against industrial and computer espionage.

His personnel include a former police chief instructor of demolition and a psychiatrist who specialises in terrorist negotiation.

Some manufacturers, however, have mixed feelings about export success.

Mr Rilov says he never knows who your customers really are.

"You never know who your customers really are," he says. "We're selling information that could endanger Israel one day. We may just be selling our future."

He even claims to have a force that specialises in retrieving indoctrinated cult members from the Far East.

Mr Yair Klein, president of Spearhead, a military consulting group, argues that Israel's reputation is rightfully earned.

The industry is starting to emerge from the shadows in recent years.

Some manufacturers, however, have mixed feelings about export success.

Mr Rilov says he never knows who your customers really are.

"You never know who your customers really are," he says. "We're selling information that could endanger Israel one day. We may just be selling our future."

Nominees from Tata join board at ACC

By R.C. Murthy in Bombay

ASSOCIATED CEMENT Companies (ACC), India's largest cement producer, this week took on to its board two nominees from the Tata group.

The appointment as directors of Mr Darbari Seth and Mr N.A. Soodawala follows Tata's purchase in June of a 7 per cent stake for upwards of Rs80m (\$5.2m), which made Tata the largest single private sector shareholder.

ously sat on the ACC board but had no management role.

ACC was the subject of unsuccessful takeover moves earlier this year.

The company is maintaining its dividend at Rs10 for the last

est year to July on an enhanced capital of Rs569.5m against Rs408.5m a year ago.

Sales rose 5 per cent to Rs7,986m and profits surged to Rs73.6m from Rs5m.

Developments bring 32% profit rise at New World

By Michael Murray in Hong Kong

NEW WORLD Development, the Hong Kong property company controlled by Mr Cheng Yu-Tung, achieved net profits of HK\$1.12bn (\$142.9m) for the year to June, an increase of 32 per cent.

New World, which is one of the major players in the colony's buoyant property market, completed several large developments for sale during a year which saw steady increases in property values.

Next year the group's rental income is likely to rise substantially following the completion of the Hong Kong Convention and Exhibition Centre on the waterfront in the Wan Chai district.

New World also operates three hotels in China, and will open five more during the next two years.

New World Development will pay a final dividend of one cent per share plus scrip equivalent to 31 cents, with a cash option.

nary credits worth HK\$122.6m boosted total profits to HK\$390.7m.

The company owns or operates three hotels in the territory, the luxury Regent Hotel in Kowloon, the nearby New World Hotel and the Hotel Victoria on Hong Kong Island.

Occupancy levels for the three averaged 89 per cent, 94 per cent and 88 per cent for the year respectively, benefiting from runaway growth in visitor arrivals to Hong Kong during the year.

New World Hotels is to pay a final dividend of 19 cents per share, making a total of 31 cents for the year, up by 35 per cent.

COMPANY NOTICES

TOKYO TRUST S.A. INTERIM DIVIDEND. An interim dividend of US\$ 0.66 per share will be payable on 10th November 1988 to holders on the Register on 10th October and to holders of the Bearer Shares against presentation of Coupon No. 31 at the Paying Agents.

LEGAL NOTICES. IN THE HIGH COURT OF JUSTICE. CHANCERY DIVISION. IN THE MATTER OF SEYDIN PUBLIC LIMITED COMPANY.

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DANISH INDUSTRY & EXPORTS. The Survey of Danish Industry & Exports will now be published on Wednesday November 9th.

Notice of Redemption

Inter-American Development Bank. U.S. \$100,000,000. 11% Bonds due 11 December, 1992. NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions of the Bonds, Citibank, N.A., as Fiscal Agent, has selected by lot for redemption on December 15, 1988 US\$96,000,000 principal amount of said Bonds.

CITIBANK. November 4, 1988. By Citibank, N.A. (202) 363-1000. London, Fiscal Agent

Manufacturers Hanover Australia Limited. AS 125,000,000 Guaranteed Floating Rate Notes due 1992.

Brasilest S.A. Net asset value as of 28th October, 1988 per CZ Share: \$31.66 per Depository Share: US\$12,581.54

Notice of Redemption. Inter-American Development Bank. U.S. \$100,000,000. 11% Bonds due 11 December, 1992.

Manufacturers Hanover Australia Limited. AS 125,000,000 Guaranteed Floating Rate Notes due 1992.

Brasilest S.A. Net asset value as of 28th October, 1988 per CZ Share: \$31.66 per Depository Share: US\$12,581.54

This announcement appears as a matter of record only.

General Electric Company. U.S. \$500,000,000 9 1/8% Notes Due 1993. Amsterdam-Rotterdam Bank N.V., Kidder, Peabody International Limited, Daiwa Europe Limited, Goldman Sachs International Limited, J.P. Morgan Securities Ltd., Salomon Brothers International Limited, Shearson Lehman Hutton International, Algemene Bank Nederland N.V., Bank Mees & Hope NV, Banque Générale du Luxembourg S.A., BNP Capital Markets Limited, Chase Investment Bank, Generale Bank, LTCB International Limited, Merrill Lynch International & Co., Mitsubishi Finance International Limited, Pierson, Heldring & Pierson N.V., Rabobank Nederland, Société Générale, Union Bank of Switzerland (Securities) Limited, Yamaichi International (Europe) Limited.

New Issue November 3, 1988. This announcement appears as a matter of record only. These Bonds have not been registered under the United States Securities Act of 1933.

Mercedes-Benz Credit Corporation. U.S. \$ 150,000,000 9% Bonds of 1988, due 1992. Deutsche Bank Capital Markets Limited, Credit Suisse First Boston Limited, Chase Investment Bank Limited, Dresdner Bank Aktiengesellschaft, J.P. Morgan Securities Ltd., Morgan Stanley International.

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V. U.S. \$600,000,000 Junior Guaranteed Undated Floating Rate Notes. Notice is hereby given that the Rate of Interest for the Interest Period from 7th November, 1988 to 8th May, 1989 is 8.875 per cent.

BARCLAYS. To the Holders of COLLATERALIZED MORTGAGE OBLIGATION TRUST TWENTY-THREE. Class A Floating Rate Bonds Due May 1, 2017. Pursuant to the Indenture dated as of March 11, 1987 between Collateralized Mortgage Obligation Trust Twenty-Three and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from November 1, 1988 through January 31, 1989 as determined in accordance with the applicable provisions of the Indenture, is 9.025% per annum.

BARCLAYS. To the Holders of COLLATERALIZED MORTGAGE OBLIGATION TRUST EIGHTEEN. Class A-1 Floating Rate Bonds Due February 1, 2017. Pursuant to the Indenture dated as of November 26, 1986 between Collateralized Mortgage Obligation Trust Eighteen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from November 1, 1988 through January 31, 1989 as determined in accordance with the applicable provisions of the Indenture, is 9.125% per annum.

BankAmerica Corporation. U.S. \$400,000,000 Floating Rate Subordinated Capital Notes Due 1997. Holders of Notes of the above issue are hereby notified that for the next Interest Sub-period from 7th November, 1988 to 7th December, 1988 the following will apply: 1. Interest Payment Date: 7th December, 1988. 2. Rate of Interest for Sub-period: 8 1/4% per annum. 3. Interest Amount payable for Sub-period: US \$361.98 per US\$ 50,000 nominal. 4. Accumulated Interest Amount payable: US \$1,097.91 per US\$ 50,000 nominal. 5. Next Interest Sub-period will be from 7th December, 1988 to 9th January, 1989. Agent Bank: Bank of America International Limited.

INTERNATIONAL COMPANIES AND FINANCE

UK retail group raises £56m in unit trust launch

By Eric Short in London

MARKS and Spencer, major UK retailing group, yesterday announced that £56m (\$100m) had been invested in its first unit trust - The Marks and Spencer Investment Portfolio - during the three-week initial offer period ending on Wednesday.

This represents by far the largest amount received on a unit trust launch since last October's stock market crash, comfortably exceeding the £15m raised by Morgan Grenfell UK merchant bank in its spring launch of four new funds.

Mr Keith Oates, finance director of Marks and Spencer and chairman of Marks and Spencer's Financial Services, said:

"We are delighted with this response which exceeded our best estimates."

He suggested customers were attracted by the fresh approach, backed by the Marks and Spencer name.

The group surprised the financial world when it announced at the beginning of last month the launch of its own unit trust operation as the next development in the expansion of its financial services operation.

Mr Oakes claimed at the time that unit trusts offered the best opportunity for expansion - during the three-week initial offer period ending on Wednesday.

It would certainly appear that the rather high charges and unusual investment strategy for a unit trust did not deter people from taking up the initial offer.

More than 52,000 applications were received - 39,500 investors making lump sum investments at an average of £1,400 and 12,500 taking out regular savings plans with an average monthly payment of £25.

The numbers of investors taking out regular savings plans is unusually high, especially for an initial launch. The vast majority of investors in unit trusts still make irregular lump sum investments.

The group intends to maintain a high marketing stance for its unit trust, although it has no immediate plans for further launches, either of other more conventional unit trusts nor, as is widely rumoured, a personal pension contract based on this unit trust.

Coloroll director resigns

By Alice Rawsthorn in London

MR JOHN Gregory, one of the main board directors of Coloroll, ambitious UK home furnishings group, has resigned to set up his own business.

Mr Gregory, 31, left the group on Tuesday, the day before the publication of Coloroll's bright interim results.

As managing director of the home furnishings division, he presided over the integration of its original home textiles interests with Fogarty, bedding products manufacturer, acquired two years ago.

Home furnishings has since emerged as one of Coloroll's most successful areas of activity. It made pre-tax profits of £5m (\$16m) on sales of \$84m in the year to March 31, out of group profits of £36m and sales of £258m.

Mr Gregory has bought a small flat-pack furniture business and is leaving Coloroll to develop it.

Mr Frank Martin, presently managing director of the group's ceramics division, will succeed Mr Gregory at home furnishings.

At the beginning of the 1980s Coloroll was a small wallpaper mill and packaging company, but it has since built up one of the largest home products groups in the UK.

Lloyd's gives in to pressure on investor protection reforms

By Nick Bunker in London

LLOYD's of London, the insurance market, has bowed to pressure from many of its 32,000 members ("Names") and agreed to implement a key investor protection reform first recommended nearly 20 years ago.

The reform involves what Lloyd's underwriting agents - the companies that look after Names' affairs - call a "deficit clause."

A deficit clause in a contract between the Name and his agent means that if a Name makes a loss on an insurance syndicate, the loss can be offset against the commissions he has to pay to his underwriting agent out of profits from other syndicates.

Mr Alan Lord, chief executive of Lloyd's, said yesterday that the market's ruling Council this week decided to make deficit clauses mandatory in all cases.

The decision was taken on Wednesday when the Council agreed on the terms for new standard agreements between underwriting agents and Names, due to come into force on January 1 1990.

The decision was made despite a history of controversy. On April 28, a Lloyd's

working party led by Mr Edward Walker-Arnott, a leading London solicitor, published a 112-page report containing proposals for redrafting the standard agreements.

Mr Walker-Arnott came under heavy fire, however, from the Association of Lloyd's Members (ALM), because his committee opposed making deficit clauses mandatory on the grounds this could endanger the commercial viability of some Lloyd's agents.

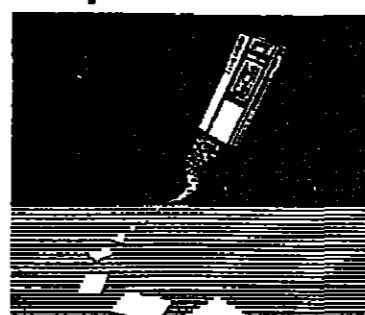
Mr Raymond Nottage, ALM chief executive, said last night the association had "worked very hard" for mandatory deficit clauses. "It was something a lot of members wanted," he said.

The adverse financial impact on some Lloyd's agents could be significant, however.

Mr Peter Rawlins, chief executive of R.W. Sturge, largest of Lloyd's underwriting agents, said the Council's handling of the issue was "a perfectly acceptable compromise," which would have only a nominal effect on a group of Sturge's size.

But, he said, the effect might be much more severe for smaller agents who might have to raise their charges.

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1992 'will hit UK telecom makers'

By Hugo Dixon in London

THE LIBERALISATION of Europe's telecommunications markets in 1992 is likely to be bad for British manufacturers, but good for service providers, according to FA, the consultancy group.

Mr Peter Copping, FA's director for information technology, said yesterday British telecommunications manufacturers were not well placed to benefit from the single European market in 1992, because they did not have the necessary economies of scale.

He was speaking at the start of a joint initiative with the Confederation of British Industry, UK employers' organisation, to prepare industry for changes in the information technology industry that will be caused by the single market.

Mr Copping said that only in the niche market of advanced cordless telephones, pioneered

in the UK, were British companies likely to do well.

He said that, by contrast, the early liberalisation of the UK telecommunications services market meant that British service providers had gained valuable experience, which they would be able to export.

Britain accounted for 80 per cent of the total European demand for value-added services: special services sent down a telephone wire. UK service providers were developing strategies to move into other European markets.

Mr Copping gave a warning that continental telephone operators might try to stifle competition if they were not effectively policed.

He gave a further warning that US-based service providers had built up experience in operating in a multinational environment.

Futures licences refused

By Richard Waters in London

SIX more futures and options firms have been refused authorisation by the Association of Futures Dealers and Brokers, bringing to 33 the number of firms which have been refused a licence since the Financial Services Act took effect earlier this year.

The AFD also yesterday

withheld its judgment on LEW, controversial futures firm which has been widely criticised in the past for charging excessive commissions.

The AFD yesterday held back from confirming an earlier decision to reject it after a restructuring and partial change in ownership.

Mr Price will head Sedgwick's UK credit division.

Mr Price was managing director of Hogg Robinson insurance broking operations until HRGM was created as a separate quoted company in 1987.

Jaguar sales in US fall by 6% in October

By Kevin Done

JAGUAR, UK luxury car maker, said yesterday its US sales fell by 6.1 per cent in October to 1,849 cars compared with 1,970 a year ago.

The drop in October was less than the fall in the first nine months of the year, when sales at 16,782 units were 8.5 per cent lower than the 18,310 achieved a year earlier.

Jaguar said recently there were signs its US sales were picking up again and new registrations this month would be higher than last November.

Hogg Robinson executive quits to join rival

By Nick Bunker

MR Christopher Price, one of the London insurance market's leading executives, is leaving as deputy chairman of Hogg Robinson & Gardner Mountain, Lloyd's broker, to join Sedgwick Group, its much bigger rival.

Mr Price will head Sedgwick's UK credit division. Mr Price was managing director of Hogg Robinson insurance broking operations until HRGM was created as a separate quoted company in 1987.



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CARLTON Communications Plc

Acquisition of Technicolor for \$780 million

Hambros Bank Limited acted as financial adviser to Carlton Communications Plc and principal underwriter of the financing

HAMBROS BANK LIMITED

October 1988

INTERNATIONAL CAPITAL MARKETS

Corporate borrowers feel effects of buy-out fever

By Norma Cohen

TWO CORPORATE borrowers have called on the Euro-market to raise funds in sterling...

The two borrowers were McDonald's, owner of the fast-food chain, and Tesco, a UK food retailer and supermarket chain...

coupon, assigned later in the day, is 10% per cent with a price of 98.566...

INTERNATIONAL BONDS

leverage dramatically - a natural course in LBOs and some hostile takeover bids...

surely a factor. McDonald's issue, meanwhile, closed with a bid just at its 2 per cent fees...

Dealers said the McDonald's issue was struggling, not just because of the absence of bondholder protection...

Prices for building society FRNs rally

By Stephen Fidler

RULES on bank capital standards published this week by the Bank of England have spurred rallies in the prices of UK mortgage-backed bonds...

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount in US\$, Coupon %, Price, Maturity, Fees, Book runner. Lists issues for US DOLLARS, CANADIAN DOLLARS, and STERLING.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

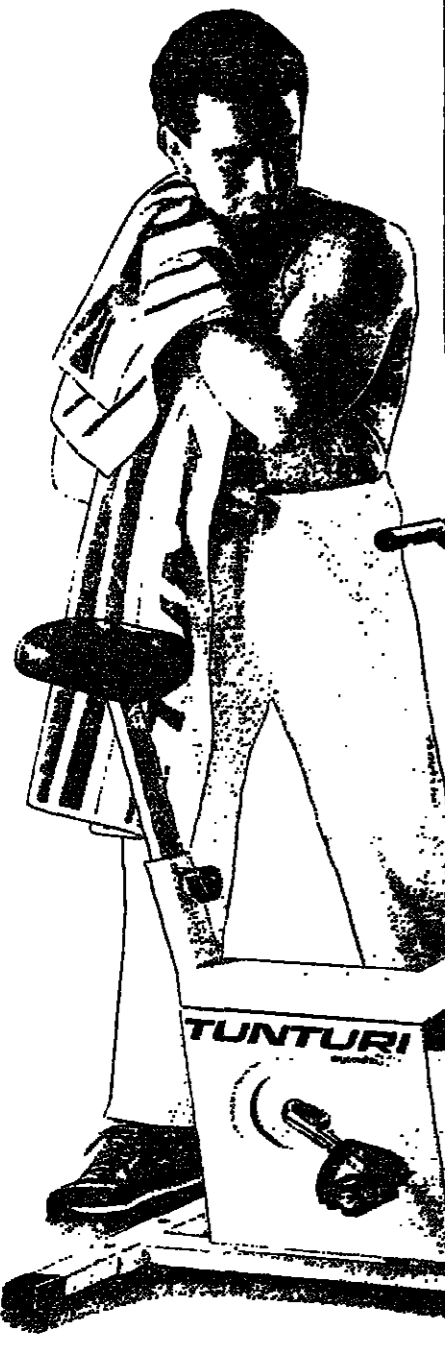
Large table of bond data with columns: Bond, Issue, Bid, Offer, Change, Yield, etc. Includes sections for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, DEUTSCHE MARK, SWISS FRANC, and CONVERTIBLE.

French SE to axe curb on brokers

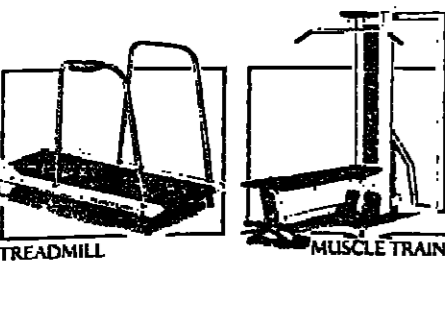
By George Graham in Paris

THE FRENCH stock exchange plans rule changes which will enable brokers, probably from early next year, to take positions in stocks as principals...

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INTERNATIONAL CAPITAL MARKETS

Bundesbank lends support to government bond prices

By Stephen Fidler and Norma Cohen in London and Roderick Oram in New York

GERMAN GOVERNMENT bond prices fell by up to 20 basis points at the longer end, but the purchase by the Bundesbank of nearly DM250m of bonds on German stock exchanges offered support to prices...

GOVERNMENT BONDS

This was up 24 cent over the previous record, set in October last year.

Earlier this year, corporations were borrowing funds at 20 to 25 basis points below the rate charged to the Government. The German government bond contract on the London International Financial Futures Exchange has proved a significant initial success...

Overall, the exchange posted its most active month since October last year, the month of the stock market crash when record volumes were traded.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Ref Date, Price, Change, Yield, Week ago, Month ago. Rows include UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

Italy studies plans for longer-term certificates

By Alan Friedman in Milan

THE ITALIAN Treasury is studying the possibility of introducing new longer-term certificates that could take advantage of developing investor interest in locking in a fixed-term yield.

The plans for new Treasury bills, which could have maturities of up to nine years, could take some time to work out and are unlikely to be launched before the end of the year.

Among the ideas for new instruments is a long-term, fixed-rate Treasury note with a put option for investors. This would be an unprecedented development...

Capitalising on foreign investor interest in the lire, the Euroira bond market has moved. Yesterday, Sumitomo Metal International Finance brought a L55bn, four-year Euroira issue via Banco di Roma...

Prices were unchanged in minimal trading, leaving the Treasury's 30-year benchmark bond at 10 3/8 yielding 8.78 per cent.

Fixed-income investors enjoyed a small fillip late on Wednesday, when the Treasury said it would postpone the auction of more 30-year bonds until later this month or early next.

Investors ignored a sharp rise in commodity prices, particularly of precious metals, and failed to react to the dollar's first steady performance this week.

ONE KEY factor for the dollar was the closure yesterday of the Tokyo bond market for National Culture Day.

Brazil lures in foreign bankers

John Barham on investment openings in a once-forbidden market

Foreign banks are piling into Brazil's banking industry as fast as they can. Hardly a day passes without a new bank opening its doors or an existing one announcing hefty capital increases through debt-to-equity conversions.

The banks see in Brazil a chance to capture a share of a once-forbidden market while making the most of their depreciating Brazilian loans.

In September, at the World Bank's instigation, Brazil reversed its 20-year policy of banning virtually all foreign banks from increasing their share of the banking market.

Mr Toshio Kobayashi, president of Bank of Tokyo's Brazilian operations, says: "All creditors are looking for new opportunities to convert their loans. But they cannot always find a company that has a future that can offer profitability and security."

The new policy allows foreign banks to hold up to one-third of a commercial bank or half of an investment bank.

Foreigners prefer investment banks to their commercial counterparts for three basic reasons: costs are lower, investment banking is profitable - in 1987, a difficult year for the Brazilian economy, the top 10 investment banks earned an average 12 per cent return on equity - and finally Brazilian investment banking

is entering its adolescence. Eleven new investment banks have appeared so far this year, many of them via debt conversion. Manufacturers Hanover, the US bank converted \$6.5m to set up Mantrust SRL with Joao Sayad, the first of President Jose Sarney's three planning ministers.

Others have increased their existing stake in Brazilian banks. Barclays Bank, for instance, converted \$22.5m to increase to 50 per cent its share in an investment bank it holds with Banco de Credito Nacional, a mid-ranking financial group.

Investment banking, which in Brazil usually means merchant banking, is a market brimming with opportunity and risk. As a statement from the new Salomon Brothers' joint venture in Sao Paulo says: "The current volatility and uncertainty create opportunity."

All investment bankers say they are interested in three markets. The most important is debt conversion, a business that should be worth more than \$5n this year. Banks can earn fees of per cent on a conversion package.

Secondly, mergers and acquisitions, once a rarity, are becoming more common. This is especially so as foreign companies, flush with cheap cash from the conversion markets, go on the prowl for local com-

panies. Finally there are treasury services. Managing companies' cash balances has become a vital activity. Brazil's profitable corporations are awash with cash as they are not investing to expand capacity. Inflation, meanwhile, is running at close to 30 per cent a month, equivalent to more than 2,000 per cent a year.

As well as fighting for clients, the big banks will also be acting on their own behalf. Citibank is committed to converting \$500m, or 25 per cent of its Brazilian loans, into investments over the coming five years.

Conversion is likely to be the name of the investment banking game for some time to come. But not forever. There will come a time when inflation has subsided and a degree of political stability has returned.

Then companies will begin dusting off their big investment plans. Mr Israel Vainboim, president of Unibanco, one of Brazil's largest banks, says: "We have noticed that our clients are studying larger investment plans than in the past."

"Banks are looking to the future, positioning themselves for more competition, when they will have a real investment banking function."

Swiss banker warns on risk from taxation

By John Wicks in Zurich

SWISS taxation and EC capital-market liberalisation may force most Swiss franc bonds for foreign borrowers to be issued abroad, according to Mr Robert Studer, president of the executive board of Union Bank of Switzerland.

Mr Studer said yesterday that Switzerland did not enjoy the same opportunities as foreign financial centres. The greatest handicap was that of stamp duty, particularly in the form of turnover levy on securities transactions.

"In the wake of increasing globalisation, fewer customers will be prepared to effect a securities transaction in Switzerland which they could carry out abroad at a lower tax rate or even tax-free," he said.

NatWest makes return to US borrowing

By Norma Cohen

RJR NABISCO's plan for a leveraged buy-out, while casting a pall over US industrial companies both in the domestic and Eurobond markets, has yielded benefits for a host of other borrowers, including foreign companies.

Yesterday, National Westminster Bank tapped the US corporate bond market with a \$500m 15-year bond carrying a coupon of 9 3/4 per cent and priced at 99.485 to yield 7 1/2 basis points over the US Treasury yield curve. Lead manager is Merrill Lynch. This is NatWest's first US borrowing since November 1982.

Mr Roy Haines, group treasurer at NatWest, said the bank decided to capitalise on investors' desire to switch out of US industrial bonds and into

the securities of companies seen as more resistant to so-called event risk. "We felt it was an opportune moment to strike," he said.

The turmoil in the US corporate bond market has brought trading in bonds of LBO-prone companies to a virtual standstill. But it is clear that when investors eventually decide to unload their holdings, they will look for companies unlikely to be saddled with very much debt.

Mr Marcos Jones, an economist at Deutsche Bank, said that public utilities had benefited most from the latest wave of concern about event risk.

While yields on these issues have moved only marginally closer to those of US Treasury - a sign of increased investor demand - they may well narrow further as portfolio managers wait for a more opportune moment to restructure their holdings of US industrial bonds.

The Yankee sector of the US corporate bond market - dollar-denominated bond offerings in the US by non-US firms - have also narrowed. One corporate bond analyst at Merrill Lynch said that spreads on Yankee bonds had, since mid-October, narrowed by about 10 per cent among longer maturities and 5 per cent among medium-term issues.

Finance officials at British Telecom may therefore have made a fortuitous move to file a shelf registration covering \$1bn in debt securities to be sold in the US.

Mr David Harrison, financing manager of British Telecom, said it was a coincidence that the US filing came a few days after the RJR Nabisco buy-out plan was announced.

The company was being advised by US securities firms that the development could give it advantages for prime name foreign borrowers in the US (BT is rated AAA), at least those regarded as protected from such event risk.

However, the company had no immediate plans to tap the US market as it remained cheaper for it to access the Eurodollar bond market.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table with columns: Rises, Falls, Same. Rows include British Funds, Corporate Bonds, Industrial and Utilities, Financial and Prudential, Oil, Plantations, Others.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount, Latest, Stock, Closing Price. Rows include various corporate and government bonds.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest, Stock, Closing Price. Rows include various fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, Latest, Stock, Closing Price. Rows include various rights offers.

LONDON TRADED OPTIONS

CALLS PUTS

Table with columns: Option, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows include various call and put options.

OPTION

Table with columns: Option, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows include various option contracts.

OPTION

Table with columns: Option, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Rows include various option contracts.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Thursday November 3 1988

Figures in parentheses show number of stocks per section

Large table with columns: Index No., Day's Change, Est. Earnings, etc. Rows include various equity groups like Capital Goods, Building Materials, etc.

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

Table with columns: This Nov, Wed Nov, Year ago. Rows include various fixed interest yields.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, Latest, Stock, Closing Price. Rows include various traditional options.

Opening index 1238.7; 10am 1282.2; 11am 1300.2; Noon 1300.6; 1pm 1330.2; 2pm 1332.2; 3pm 1334.9; 4pm 1334.7; 5pm 1334.9. Highs and lows are based on closing prices and are published in Saturday Issues. A new list of constituents is available from the Publishers, The Financial Times, Cannon Street, London EC4A 3DF, price 15p, by post 35p.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, Latest, Stock, Closing Price. Rows include various traditional options.

For rate indications see end of London Share Service

UK COMPANY NEWS

Thomson T-Line raises cash element of Suter bid

By Ray Beashford

THOMSON T-LINE, Industrial holding company, has made a quick return to the chase for Suter, the group with distribution, manufacturing and property interests headed by Mr David Abell.

Less than a week after takeover talks between the companies collapsed, Suter said yesterday that it had received a revised approach. Discussions between the two companies will recommence today and a statement on their outcome is expected by early next week.

The offer is expected to value Suter's shares at 270p and the company at £325m. The bid is likely to be on a cash and share basis with a 40p cash element and the shares comprising a mixture of ordinary and convertible preference stock.

Less than a week after takeover talks between the companies collapsed, Suter said yesterday that it had received a revised approach. Discussions between the two companies will recommence today and a statement on their outcome is expected by early next week.

Suter shares yesterday firmed 5p to 244p while Thom-



David Abell, chairman and chief executive of Suter

son eased 3p to 72p, reflecting doubts in the market about the size of the share element in the offer.

If successful, this would be the biggest acquisition that Thomson has made since it was taken over 2 1/2 years ago by Mr Justin Askin and Mr Hugo Biermann, who have backgrounds in South African business. Last February it paid \$30m for Vernons Pools.

Suter has for several months

been the subject of suggestions in the market that it might receive a takeover bid. The company has been under a cloud since last July when the Department of Trade and Industry announced that it was investigating share trading in companies associated with Suter.

Last September Mr Abell said he would seek shareholders' approval for the buy-out for 10 per cent of the capital. At the time the shares were selling at 180p.

Suter, like Thomson, has grown through acquisition and, since the DTI investigation began, it is understood that difficulties have been encountered in pursuing this strategy.

At least two other companies are understood to have made tentative takeover approaches and the possibility of a management buy-out was discussed.

Mr Abell is in Australia on honeymoon and the talks are being conducted in London with two other directors who will join the board of Thomson if the offer is successful.

Redfearn awaits the right package

Philip Coggan and Sarah Webb on the outlook for the UK bottle manufacturer

IN AN age of international mergers and acquisitions, it is still a fairly unusual occurrence for a Swedish group to use a major stake owned by an Australian company as a base for launching a bid on a British target.

Redfearn, the UK glass and flexible packaging group, has long been fancied as a takeover candidate but few would have picked PLM, the Swedish packaging company, as the leading candidate to bid.

However, PLM, which is 90 per cent owned by Industrivärden, a Swedish investment company, has recently been scouting around for acquisitions as part of its strategy to become one of the largest European packaging companies.

It was given a head start in its £55m bid for Redfearn because of the 29.9 per cent stake owned by OVS Investment, an Australian company controlled by Mr Dick Pratt.

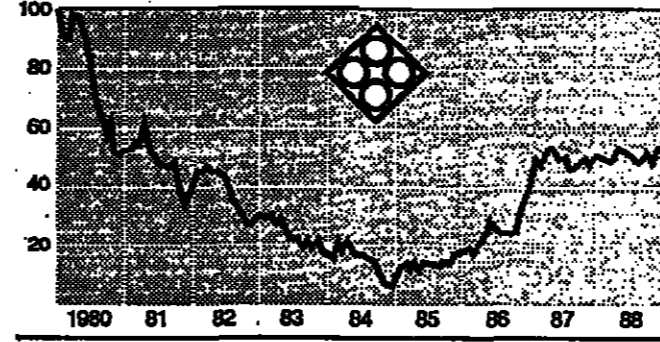
OVS had acquired the bulk of its stake from Sir Ron Brierley, the New Zealand financier, late last year and had hoped to get involved in Redfearn's management.

However, it quickly became apparent that Redfearn was not willing to co-operate, and OVS found itself in an awkward position. It was earning little income on its stake; either it had to launch a full bid for Redfearn, or it had to find a buyer.

Despite some discreet discussions, no-one emerged as a buyer for the holding. So OVS's adviser, N.M. Rothschild, came up with an unusual tactic; it put the stake up for tender at 520p per share and said that, if it received no tenders at the right price, it would make an offer for the whole of Redfearn's equity at that price. This seemed at first like a "heads we win, tails you lose" stratagem. If someone tendered at the right price, OVS would

Redfearn

Share price relative to the FT-A All-Share Index



Mr John Pratt, former chairman of Redfearn

escape from an awkward corner with a profit; if no-one tendered, Redfearn would find it hard to argue that an OVS bid at 520p per share undervalued the company.

However, OVS has not yet emerged ahead of the game. PLM did not buy the OVS stake - it made a cash offer for the whole group and invited OVS to accept it. So if the PLM bid fails, OVS could find itself back where it started.

At least a rival bidder is unlikely to emerge. In the UK, any bid from either of the two larger glass manufacturers would face monopolies problems and any foreign bidder would surely have shown its hand by now.

So Redfearn will have to fight off its assailant unaided. The Yorkshire-based company is emerging from a tough decade in which its shares have underperformed the All-Share Index by 46 per cent since 1980.

The peak year for the glass container industry was 1979, when around 7bn units were sold. But a combination of that year's oil price rises (which hit costs) and the growth in use of the clear plastic PET for soft drinks containers devastated the industry.

UK glass manufacturers' problems were exacerbated by a flood of imports and the result was an industry plagued by overcapacity. Redfearn reacted by setting up its own PET bottle-making business and by rationalising its glass side.

Eventually, the strategy began to bear fruit and Redfearn added a further leg last year when it bought the Flexpack flexible packaging business from Bunzl. At that time, it dropped the National Glass part of its name to indicate its broader packaging spread.

Mr Tony Penne, paper and packaging analyst at James Capel, explains that "there is an advantage in being a diversified packaging group, since when you go to a potential food and drinks processing customer, you can offer them a complete range of products."

Redfearn doubled its profits in 1985-86 and announced a further improvement to £4.1m in the following year. But its recovery suffered a slight hiccup earlier this year when Mr John Pratt, the chairman, departed after a boardroom tussle. Mr Arthur Church, the chief executive, said that the board wanted a chairman with "broader vision" than Mr Pratt, who had been too closely

associated with the glass side of the company. Ironically, Redfearn's glass side is one of its main attractions to PLM. Glass is enjoying something of a revival in packaging because unusual and striking bottles are often used as a key marketing ploy for upmarket food and drinks products.

PLM is known in the Swedish market for designing and producing the bottles for Absolut Vodka (which has enjoyed considerable success in the US market) as well as the Ramlösa (Swedish mineral water) bottle which is similar to the Perrier design. Last year, PLM's glass division had sales of SKr1.1bn (£180m) and earnings before interest of SKr11.7m and expects profits for 1988 to be on the same level.

Buying Redfearn would give PLM greater geographical spread. The Swedish group estimates that the total European market for consumer packaging is worth SKr400bn.

It already has a strong position in the Scandinavian and West German markets, and has production in the Netherlands. "But about two thirds of Europe consists of white spots for us as we are not present in the UK, France, Italy or Spain," says Mr Rolf Boerjes-

son, executive vice president. "We see the UK as a very interesting market with a lot of potential," says Mr Boerjeson, who points out that the UK is particularly receptive to new packaging ideas, many of which originate in the US.

Although Redfearn has around 15 per cent of the UK glass maker, it is dwarfed by Rockware, with around 32 per cent of the market and United Glass with 30 per cent. PLM argues that Redfearn would be better placed as part of a larger packaging group. PLM's profits showed a dramatic improvement last year following setbacks in 1985 and 1986, due to a combination of strikes in Scandinavia, bad summer weather and tough price competition in parts of the packaging industry.

The poor performance at PLM in 1985 and 1986 precipitated the group's reorganisation into key business areas, job cuts, and factory closures to reduce excess capacity in the glass division's operations in Sweden. After reaching SKr214.2m in 1984, profits dropped to SKr163.4m in 1985 and SKr141.7m in 1986, only to jump to SKr214.2m last year. Yesterday, PLM reported a 16.3 per cent increase in profits (after financial items) to SKr201.0m in the first nine months of the year and added that full year profits would exceed last year's.

Will PLM's bid succeed? A lot may depend on Redfearn's full-year profits. At the interim stage, only the glass division was making profits. Shareholders have yet to receive the offer and defence documents, giving the detailed arguments for and against the bid. But for the moment, Redfearn's share price of 527p, 18p below the bid price, does not indicate that the market expects PLM to be forced into a higher offer.

Quadrant in £22m cash call to fund expansion programme

By Philip Coggan

QUADRANT GROUP, the former Sangers Photographic, yesterday announced three acquisitions and launched a £21.5m "rights issue" to fund expansion.

Under the one-for-two issue, the offer was written by Barings Brothers, shareholders are being offered 9.92m shares at 215p each. Quadrant's shares fell 7p to 251p yesterday.

The initial aggregate payment for the three purchases is £7.9m, of which £3m is being paid in loan notes cash. The remaining consideration is in the form of shares, most of which are being sold on behalf of the vendors as part of the rights issue.

Car-Tel, a provider of cellular telephone services, will add 4,800 subscribers to Quadrant's cellular business, bringing its subscriber base to 14,000. Quadrant is now the sixth largest Vodafone service provider and the twelfth largest provider overall (including the Cellnet network).

The initial payment for Car-Tel is £2m, with a further £1m payable depending on future subscriber levels. Although Car-Tel incurred £182,000 loss last year, this reflected start-up costs and Quadrant believes there will be savings once Car-Tel is integrated.

The acquisition of Leeds Camera Centre adds to the group's photographic equipment distribution business, which was the core of Sangers Photographic before Mr Jeremy Peace, the youthful entrepreneur banker, moved into the group in November 1985. "Buying Leeds will allow us to

offer customers nationwide coverage," said Mr Peace yesterday. Initial consideration for Leeds is £2.65m, with further payments up to £1.25m dependent on future profits. Leeds made pre-tax profits of £236,000 in the year to September 30.

The third acquisition - S&M (Processing) - adds to the division which specialises in photographic processing for estate agents. Initial consideration for S&M (which made pre-tax profits of £50,000 last year) is £2.55m.

Mr Peace said that the size of the rights issue was designed to strengthen Quadrant's capital base. Without a rights issue, the post-acquisition group would have annual turnover of over £90m but shareholders' funds of about £4m.

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Overheads hamper JS Pathology

Increased overheads resulted in slightly lower pre-tax profits of £1.9m, against £1.94m, at JS Pathology for the six months to September 30. Turnover for the company, which provides pathology services, rose from £5.0m to £5.2m.

The interim dividend is held at 1.8p. Earnings, after tax of £644,000 (£679,000), fell marginally to 8.5p (8.8p) per 10p share.

The higher costs related in particular to the management of additional premises in Harley Street, London, and increased salary costs. The company was expanding its resources in Manchester and Liverpool.

Charterhall lifts its Corah stake

Charterhall, investment company headed by Australian Mr Russell Goward, has increased its stake in Corah, textiles group, from 16 per cent to 21.5 per cent. Charterhall now holds 6.5m shares in Corah, which supplies knitwear to Marks and Spencer.

During the past two years, Charterhall has acquired and steadily increased stakes in a clutch of companies. It holds between 8.7 per cent and 24 per cent in five listed companies.

MMT expands by 52%

MMT Computing, computer systems consultancy, saw taxable profits for the year to August 31 1988 rise by 52 per cent from £1.07m to £1.63m. (The USM-quoted company said all areas looked set to show further improvement.)

Stated earnings per 5p share were 10.1p (6.9p adjusted) and the directors are proposing a final dividend of 1.1p (0.8p adjusted) for a total of 1.7p, against 1.25p last time.

J Smart surges to £2m

J Smart & Co (Contractors) increased pre-tax profits 41 per cent from £1.43m to £2.01m in the year to July 31. Turnover rose from £11.44m to £12.57m.

There was an exceptional item of £225,000 (nil), tax took £724,754 (£474,095) and there was an extraordinary profit of £542,283. The final dividend is 4.2p (3.8p) making 5.8p (5.25p). Earnings per 10p share were up at 12.75p (9.46p).

Hodgson buys 14 businesses

By Andrew Hill

Hodgson Holdings, the UK's largest quoted funeral director, has acquired a further 14 funeral businesses in England and Wales for a total of £4.5m.

Six of the companies are in Hodgson's north-east region, three in the south-east, two in north Wales and one in each of the West Midlands, East Midlands and south-west regions.

Hodgson is paying for all but one of the companies with cash. The exception is being bought for £775,000, of which £741,250 will be paid in cash and the balance in shares.

Keystone Inv

Keystone Investment net asset value per 50p share was 33p at the end of the year to September 30, against 48p. Earnings 10.25p (5.99p). Recommended by final makes a total of 8.5p (6p).

IBC agrees terms to buy Italian publisher for £6m

By Clare Pearson

INTERNATIONAL BUSINESS COMMUNICATIONS (Holdings), Business publications and conference group, yesterday said it had agreed terms for the £34.5m (25.5m) cash purchase of Italy's oldest publishing house.

It is buying 200-year-old Pirota Editore, a publisher of legal and fiscal textbooks based in Milan, and intends to make use of the company's name to back on a conference and seminar operation.

Last night's announcement of the deal came earlier than IBC had intended. It felt compelled to move after Reuters reported that negotiations were taken place.

This followed a leak of the deal to an Italian newspaper, Mr Peter Clark of IBC said. Pre-tax profits of Pirota,

which is owned by a group of Italian companies and businessmen, are expected to recover to around £2.75m this year.

IBC, which became the publisher of the Fleet Street Newsletter a year ago when it took over Barham Group, the publishing, advertising and financial services concern, already has conference and publishing interests in Holland, France and Belgium.

It is planning to float of Barham's commercial and industrial estate agency before Christmas.

StanChart

Standard Chartered has received acceptances in respect of 96 per cent of the 77.5m new shares offered in its rights issue.

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TECHNOLOGY

Financial information advance on Jersey

by Alastair Guild

THE FINANCE industry is now the single largest contributor to the revenue of Jersey, in the Channel Islands. Of more than 3,000 companies incorporated in the island, about two thirds are private investment or trading companies formed for people resident outside the British Isles.

With this growth has come an increasing demand for a speedier, more sophisticated information service, which is now being met by the Jersey computer house, EDP.

Traditionally, the majority of financial information was provided direct by EXTEL in London. Banks, trusts or investment companies wanting updates on prices required a dedicated line or a dial-up line to London, or they relied on the transportation of magnetic media. The process was slow because the information had to be translated via applications software into the receiving computer's format.

Last year, EXTEL signed a contract with EDP for local distribution. EDP wrote database handling and distribution software and has now begun distribution to EXTEL clients. The software runs on a system called AMOS, from California-based Alpha Micro.

The EDP's database at EDP handles more than 100,000 securities and is resident in 800 megabytes of disk storage. The computer is on-line to EXTEL London and is updated three times a night as international stock exchanges submit data.

Clients can select the information they want, taking as few as 100 stocks. Each client's portfolio is maintained at EDP on disk and used to provide local distribution on the most appropriate media, including prints or magnetic tape, diskette, telephone or microfiche.

The on-line service enables clients to make inquiries by stock or company name and to examine all data fields via an Alpha screen provided by EDP or via personal computer.

Future developments include dividend watching and tracking and portfolio valuations using EDP's investment accounting system.

Scientific progress might be expected to help governments cope with the extra demands made on health services by increasingly elderly populations and the rising expectations of all citizens.

However, it often means that doctors and hospitals use more expensive drugs and equipment because these represent the best treatment available. In the short term, at least, this adds to the financial burden of providing health care.

Anaesthetic equipment is a good example of the way advancing medical technology is driving up costs. The latest computerised machines, developed in the US, not only supply the gases to keep the patient unconscious on the operating table, but also monitor a wide range of bodily functions and sound an alarm if anything goes wrong. Each one costs about £25,000, compared with the £5,000 or so that hospitals and health authorities in the UK were paying for basic anaesthetic machines only five years ago.

"A lot of people say 'you can't afford £25,000 for an anaesthetic machine,'" says Professor Tony Adams of Guy's Hospital, London, who is chairman of the Association of Anaesthetists' working party on safety. "The trouble is that they are used to buying anaesthetic equipment that is cheap, nasty and unreliable."

Then they add their separate monitors and achieve the "Christmas tree effect". Advertisers of the new machines, which have integrated monitors and alarms, love to tell horror stories about "Christmas tree" anaesthetics trolleys festooned with a colourful but confusing array of add-on equipment.

The US market for anaesthetic machines is dominated by North American Draeger, a subsidiary of the West German medical equipment company, and Ohmeda, part of Britain's BOC Group. Both companies are now beginning to export their latest US models to the UK.

The new anaesthetic machines from Draeger (Narcomed 3) and Ohmeda (Modulus II) are designed to give the anaesthetist advance warning of any critical situation during an operation, in time to save the patient. The machines monitor and display the patient's vital signs - such as blood pressure, pulse rate and strength, the amount of oxygen in the blood and the carbon dioxide breathed out - and if anything goes wrong they give



A Narcomed 3 anaesthetic machine in use at Kings Mill Hospital, Mansfield in Nottinghamshire

The price of progress

Clive Cookson explains how technical advances can push up health costs

an audible alarm.

To avoid confusion during a multiple simultaneous alarm, only the sound for the most urgent condition can be heard.

The manufacturers are trying to follow the example of the warning systems on a modern airliner's flight deck, though I don't think they have succeeded yet in getting it quite right," says Professor Michael Rosen, president of the College of Anaesthetists, the profession's governing body.

Of course, as well as monitoring the patient's condition, the new machines also do the basic job of any anaesthetic equipment: supplying a mixture of gases - oxygen, nitrous oxide and an anaesthetic agent such as halothane, isoflurane or enflurane - to keep the patient unconscious during the operation. He or she may receive the gases through a face mask or a tracheal tube down the windpipe and may breathe unassisted or with the help of a mechanical ventilator.

Terry Spraker, who runs Ohmeda's anaesthetic equip-

ment business, based in Madison, Wisconsin, says that most UK hospitals do not have sufficient equipment to monitor the patient's vital signs during anaesthesia - in particular to ensure that the oxygen level in the bloodstream does not fall too low and cause brain damage. "There's an installed base of about 10,000 machines in the UK and 60 to 70 per cent of those are inappropriate from a US perspective."

The litigious nature of North American society has forced hospitals to carry out extensive monitoring of patients on the operating table, so as to protect themselves from multi-million dollar medical malpractice claims, from patients or their families, when something goes wrong.

In the UK too, the sums awarded in damages for medical negligence are rising rapidly: payments above £500,000 are becoming commonplace. Fear of litigation is an important reason why anaesthetists are badgering their health authorities for funds to buy new machines. "Although most

accidents are the result of human error, some are generated by poor apparatus," says Rosemary Green, anaesthetist. "There will have to be more to safer apparatus."

Rosen, who is a consultant anaesthetist at the University Hospital of Wales, Cardiff, says that managers in the National Health Service are becoming more willing to spend money on modern anaesthetic equipment - and they will be further encouraged by the £2bn NHS budget increase announced this week. "We found in our own health authority that, when we made a proper case on grounds of safety and the likely cost of errors, we got half of what we asked for straightaway. We got £100,000 - and that's a start."

There are no clear statistics for the number of deaths and injuries caused by anaesthesia, because it is difficult to disentangle the reasons why seriously ill patients die or suffer unexpected problems during an operation. Dr John Watkins of the Royal Hallamshire Hospital, Sheffield, who is director of the Adverse Anaesthetic Reactions Advisory Service, estimates that in the UK, where 3.5m general anaesthetics are given annually, anaesthetics directly cause about 300 deaths a year and are implicated to some extent in a further 1,800. In addition, between 5,000 and 10,000 patients are involved in potentially life-threatening incidents which may leave them permanently brain damaged.

Twenty years ago the US had eight companies selling substantial quantities of anaesthetic equipment; now there are just Ohmeda and Draeger. The shake-out resulted from the soaring cost of product liability insurance, which now runs into millions of dollars a year, and the expense of developing and maintaining a product line incorporating the latest monitors and safety features.

Britain has six significant suppliers of anaesthetic machines - "more players than other country" according to Spraker. He and his counterparts at Draeger are looking forward to a US-style shake-out in the UK market.

There is evidence from Canada that the use of monitoring equipment has improved the safety record of anaesthetists. This year they have been moved from the most expensive membership category of the Canadian Medical Protective Association, which provides professional insurance for doctors.

Measuring parts of a rocket

WILD Letz, of West Germany, has developed one of the largest co-ordinate measuring machines (CMM) yet seen in Europe. It is designed to measure rocket booster components for the Ariane 5 rocket, destined to put the Hermes European space shuttle into orbit in the late 1990s.

A CMM has to measure accurately the dimensions of relatively large engineering components. Accuracy must not be lost over a long traverse and the structure supporting the measuring probe must be as rigid as possible and not affected by the environment.

The rocket measuring machine uses an inverted "U" overhead gantry as high as several people, running on parallel rails with the measured component resting on a massive bed between them.

A measuring probe moves across the gantry top as it moves along the rails. The CMM is able to measure to an accuracy of 0.013 mm over a distance of 3 m, equivalent to about one millimetre per kilometre. It can deal with cylindrical components 3 m in diameter and more than 3 m long.

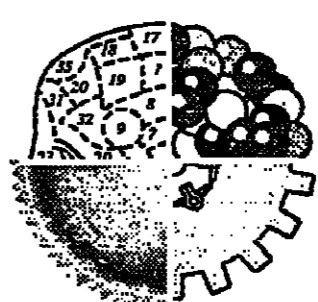
Solution to a silicone problem

ONE OF the best products ever to be squeezed from a tube is silicone rubber. This is sealant used in the home around baths and sinks, as well as in industry.

As cured silicone rubber is highly adhesive, resilient and long-lasting, it is not easily removed from machinery, work surfaces and floors. But a UK company, C&M Research of Enfield, is offering a solvent called Digesil NC, which acts on the elastomer to make it soluble in water.

Anthony Fisher, who started C&M Research a year ago, says that although other products are on the market, they use halogenated solvents and can be hazardous.

Silicone-free surfaces are easily achieved with the new product, but other rubbers or plastics are unaffected. Fisher says that several large chemicals companies are taking an interest, in some cases to clean their silicone rubber production areas.



WORTH WATCHING

Edited by Geoffrey Charlish

Furniture gains an edge

FURNITURE manufacturers can apply shaped cross-section, fully finished polyurethane edges to chipboard and similar materials using a complete production package, called Polyform, from RW Specialised Machines of Bicester in the UK.

Polyurethane is an attractive material for this purpose, being durable, non-toxic and offering good adhesion properties. It also comes in many colours through its extensive use in the car industry.

But, says RW, there has to date been no readily available complete system for applying it in the furniture industry at medium volume production levels.

Using Austrian-made machinery, Polyform allows inexpensive moulds to be used to cast polyurethane on to board edges. The two liquid components (which cure to a solid when united) are mixed very close to the application point to minimise waste.

Periodic cleaning can be automatic. Simple moulds using polyurethane and wood, costing perhaps £100, are all that are needed, and no mould heating is generally necessary. Curing time is between one and seven minutes, depending on material and size.

A typical small/medium volume Polyform system costs about £15,000 and consists of a simple mixing and dosing machine, mould and edge casting materials, release agent and sundry items needed to start production. Higher capacity, more automated machinery is available.

Hardware for storage card

DREXLER Technology, a Californian company which has pioneered the optical storage card, is now also offering a family of workstations for desk-top publishing, medical records and security systems.

Drexler, which has capacity to make 40m cards a year, has sold licences for making read/write hardware to many companies world-wide, notably in Japan. By offering terminals as well as cards, the company could accelerate the rate of take up of the idea in the US and Europe.

Called LaserCard, the system can record 1,600 pages of text on a credit card-sized piece of plastic. A laser engraves microscopic digital marks on a special surface. Several books could be put on one card.

It has not been easy to design low cost, reliable read/write terminals. The equipment has to read data in rows and columns, and is more complex than a rotating disc drive.

The card, which can be slipped into a wallet, can hold any kind of digitised information including photographs, signatures and voice prints.

Clever welding by robots

NKK, the Japanese engineering group, and Nippon Sanso KK, a gas engineering company, have developed an intelligent welding robot, called Intellarc, which they claim can reduce the cost of stainless steel tank welding by 30 per cent.

Intellarc can be used to weld 1.5 m to 4 m diameter tanks made from austenitic stainless steel up to 8 mm thick. It uses a high-speed rotating arc welding unit that ensures stable weld penetration and a smooth, level bead.

An image processing sensor provides simultaneous control of weld penetration and the amount of weld material deposited. The two companies have applied for patents in Japan and other countries. They plan to start selling the robot soon.

CONTACTS: Wild Letz: UK office, 0522 40440. C&M Research: 804 7168. RW Specialised Machines: UK, 0569 245250. Drexler: US, (415) 989 7277. NKK: Tokyo, 212 7111.

What does 1992 really mean to you in the financial markets?

Are you confused by the 1000's of mainly incomprehensible words written about the progress towards a single European market?

Do you find the information available too complicated and packed with legalistic jargon. Or, is it too superficial to be of any use to you?

AT LAST HELP IS AT HAND FROM THE BANKER

This month, The Banker publishes for the first time a comprehensive, easy-to-follow guide to the financial markets of 1992 in the form of a pull-out wall chart.

All relevant directives and recommendations are laid out clearly.

Next to each directive there is an explanation of its aims.

And, ranged alongside these directives and recommendations each country is compared showing who has achieved what and who has extensions.

Assess at a glance:

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- * What still has to be done and by when
- * How a particular European country is progressing

Plus in this month's issue:

LONDON AS A FINANCIAL CENTRE. Our analytical report includes a comprehensive listing of:

WHO'S WHO OF FOREIGN BANKS AND SECURITIES HOUSES IN LONDON. All essential details are included: Location, Status, Management and Staff of every branch, representative office, joint venture and subsidiary.

Extra copies of the 1992 wall chart are available for £5 each. Send cheques payable to FTBI Ltd to Jane Hammond, The Banker, 102-108 Clerkenwell Road, London EC1M 5SA

THE BANKER

The Banker guide to the financial markets of 1992 wall chart. Actual size 540mm x 545mm.

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THE BANKER 1888 **ST** 1988
 CENTENARY YEAR

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abstract Management Ltd, Aegis Unit Trust, Aetna Unit Trusts, Allied Dunbar Unit Trusts, and Arkwright Management.

Table listing unit trusts such as Asat Unit Trust Managers, Balfour Gifford & Co Ltd, Bank of Ireland Fund Mgrs, Barclays Unit Trusts, and British American Insurance.

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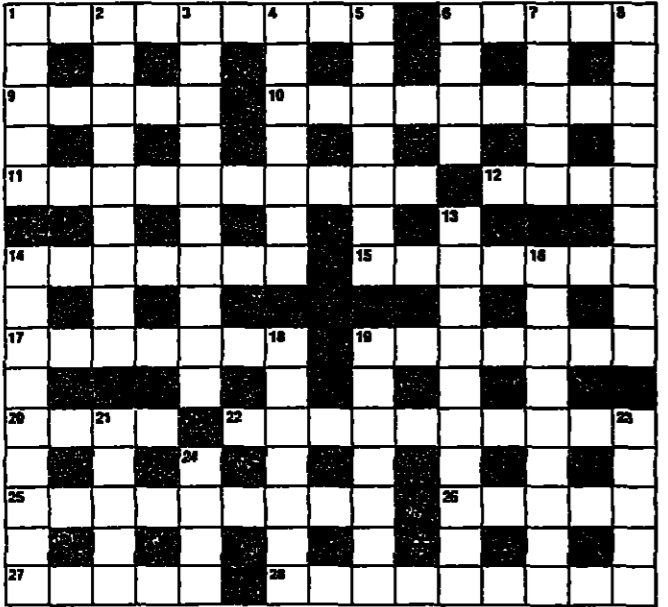
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Table listing unit trusts such as British American Insurance, British American Insurance, British American Insurance, British American Insurance, British American Insurance.

CROSSWORD

No. 6,777 Set by DINMUTZ



- ACROSS
1 and 10 Meal for a cowardly balloonist? (7,2,5)
6 Seat of early church music (5)
9 Burgundy chap holding firm (5)
10 See 1 across
11 Best Louvre pieces put out - too nice perhaps? (10)
12 Cloth cut short - how affectedly dainty? (4)
14 Excuse Jack's love affair? (7)
15 Yellow element in some matches (7)
17 Fashionable breed available for sale (2,5)
19 Marine swaggers of the comorant, say (3,4)
20 Planned go at encircling Julius Caesar (4)
22 Air of atom-smashing circle (10)
25 One of the slings of OP? Ay, there's the rub etc., outrageous (9)
26 Result - England's openers follow on (5)
27 Air in dead centre of Stoke Poges (6)
28 Somehow Ma's ruined Alice, for one (9)
DOWN
1 Arrived wearing ring and brooch (6)
2 Snowfalls concerned with riggers (9)
3 This big fish of the Pacific links among another order (4-6)

Table listing unit trusts such as British American Insurance, British American Insurance, British American Insurance, British American Insurance, British American Insurance.

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Table listing unit trusts such as British American Insurance, British American Insurance, British American Insurance, British American Insurance, British American Insurance.

GUIDE TO UNIT TRUST PRICING LON 1
INITIAL CHARGES
These represent the marketing administrative and other costs which are paid by the investor...



Unit Trusts

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Type, and other details. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

JOIM AUTHORIZED

OFFSHORE INSURANCES

Handwritten Arabic text at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts with columns for Name, Type, and other details. Includes sections for 'Other Offshore Funds' and 'Money Market Bank Accounts'.

LONDON SHARE SERVICE

Table listing British Funds, Foreign Bonds & Rails, and Americans. Includes sub-sections for 'INT. BANK AND OSEAS GOVT STERLING ISSUES', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS'.

Table listing Money Market Trust Funds and Money Market Bank Accounts. Includes detailed information on various financial products and their performance.

Handwritten note: '10/11/88'

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous and weak

THE DOLLAR retained a bearish undertone in currency markets yesterday but was confined to a fairly narrow range. There was little incentive to test support at DM1.77, as investors squared positions ahead of today's release of US employment data for October.

Trading in Europe was subdued. There was no lead from Tokyo, which was closed for a national holiday, so trading, in part, reflected a short term technical reaction to oversold dollar positions.

unlikely to fall in the near future. Overseas investors took heart from the UK government's determination to control inflation, but early trading saw little overall movement in sterling, as investors remained cautious, expecting some form of correction after its recent rise. However, with central banks conspicuous by their absence, the pound edged up gently during the late morning, before finishing with an unchanged exchange rate index of 76.6.

The pound closed at \$1.7825 from \$1.7770, but was slightly weaker against the D-Mark at DM3.1575 from DM3.1600. Against the yen, it was unchanged at ¥221.25. Elsewhere, it finished at SFR2.6450 from SFR2.6550 and FRF10.7850 compared with FRF10.7875.

The D-Mark's success at holding above key support levels against the yen at ¥200.00 led to profit-taking, soon after the start of trading. However, the switch out of yen is

regarded as reflecting its short-term view. The yen's prospect of lower rates, being limited by its underlying strength. Many analysts are suggesting a renewed surge against the dollar, after the US Presidential election.

The D-Mark opened yesterday at ¥70.20, up from ¥70.03 last night, and was little changed by midday at ¥70.17. However, it failed to hold on to its earlier gains and finished at ¥70.03.

The French franc finished on a subdued note. A decision by the Bank of France to leave its intervention rate unchanged, appeared to have little effect on the mood of the market.

The D-Mark closed at FF3.4152 against FF3.4141 at the fixing, and FF3.4150 at Wednesday's close. October monthly averages against the dollar for the major currencies are starting at 1.7878; D-Mark 1.8179; yen 138.82; and French franc 6.2018.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Country, Unit, and Rate. Includes entries for Belgium, France, Germany, Italy, Netherlands, etc.

£ IN NEW YORK

Table showing exchange rates for £ in New York for various periods (3 months, 6 months, 9 months, 12 months).

STERLING INDEX

Table showing Sterling Index values for various months and years.

CURRENCY RATES

Table showing currency rates for various countries like Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies like Sterling, US Dollar, etc.

OTHER CURRENCIES

Table showing other currencies like Argentine, Brazil, Greece, etc.

MONEY MARKETS

London rates firmer

THERE was a slightly firmer tone to interest rates on the London money market yesterday. Three-month interbank day rates were 12 1/4-12 1/2 p.c. from 12-12 1/2 p.c.

Rates drifted up in quiet trading, as the market reacted to statements by Mr Nigel Lawson, the Chancellor, implying no early cut in interest

UK clearing bank base lending rate 12 per cent from August 25 & 28 rates, but they may go up if circumstances require. The Bank of England initially forecast a money market credit shortage of £500m, but revised this to £250m at noon. Total help of £551m was provided.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot and Forward rates against the pound for various countries.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot and Forward rates against the dollar for various countries.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and maturities.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing Money Rates for various currencies and maturities.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and maturities.

FINANCIAL FUTURES

Drifting in quiet trade

VOLUME WAS low and contracts moved in a narrow range on the Life market yesterday. Short-term sterling futures showed very little movement. A strong pound, at around DM3.16, suggested there is no immediate fear of higher UK interest rates, but the admission by Mr Nigel Lawson, Chancellor of the Exchequer,

that inflation could touch 7 p.c. next year means there is also little prospect of lower rates. December short-sterling deposits opened and closed at 87.88, which was also the day's high, and little changed from Wednesday's close of 87.89.

The interest rate picture and nervousness about inflation depressed long gilt futures in very low turnover. The Decem-

ber contract closed at 97-03, only slightly above the day's low of 97-02, compared with 97-11 on Wednesday. US Treasury bonds also closed slightly weaker on Life, in spite of a firm opening in Chicago, where prices were underpinned by the lack of a long bond issue in next week's programme of US Treasury auctions.

LIFFE LONG GILT FUTURES OPTIONS

Table showing LIFFE Long Gilt Futures Options data.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options data.

LIFFE £25 OPTIONS

Table showing LIFFE £25 Options data.

LIFFE EURO-DOLLAR OPTIONS

Table showing LIFFE Euro-Dollar Options data.

LIFFE SHORT STERLING

Table showing LIFFE Short Sterling data.

LIFFE EURO-DOLLAR SHORT STERLING

Table showing LIFFE Euro-Dollar Short Sterling data.

LIFFE 10% NATIONAL GILT

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Table showing LIFFE 10% National Gilt data.

EUROPEAN OPTIONS EXCHANGE

Large table showing European Options Exchange data for various currencies and options.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and currencies.

FT LAW REPORTS

Variable interest credit agreement is valid

trator and the judge was whether the credit charge agreement complied with the Consumer Credit Act and the regulations made under it. Section 60 of the Act provided that the Secretary of State should make regulations as to the form and content of documents embodying regulated agreements. By section 61(1) a regulated agreement was not properly executed if it did not conform with regulations made under section 60.

Paragraph 19 of Schedule 1 to the Consumer Credit (Agreements) Regulations 1988 provided that agreements under which any item included in the total charge for credit might be varied, should include "a statement indicating the circumstances in which any variation... may occur".

Mr Hill-Smith for Mr Paton conceded that the contract did, as a matter of construction, provide that the interest rate in its absolute discretion, subject only to notice, and that such a contract was lawful.

These concessions were rightly made. In general it was unusual for a contract to be voided if its terms might be varied unilaterally by one party in his absolute discretion to the other's detriment. In general one would require clear words to achieve that result.

But in the present case it was part of the background, matrix or surrounding circumstances, that market rates of interest were known to vary from time to time, and that some variation was likely to occur during the agreement's lifetime.

An agreement could not lawfully confer power to increase interest in the lender's absolute discretion could not be supported. The words on the face of the contract were sufficient to convey to the average reader of modest intelligence that Lombard had the right to vary the interest rate at will if it chose, subject only to proper notification. There was nothing to suggest that its right was fettered or limited in any way. There was no failure to comply with paragraph 19.

The question was whether paragraph 19 with its reference to "circumstances" required that a power to increase the interest-rate could be provided by contract only if justified by external factors, such as an increase in the general level of rates prevailing in the money market. If the judge thought that it did, his view could not be supported. Section 60 conferred power to make regulations as to form and content of documents embodying regulated agreements, and provided that they should contain provisions to ensure that the debtor was made aware of certain matters. It was by no means clear that the regulations might affect the substance of such agreements, or render unlawful a term which would otherwise be lawful. Accordingly, the view that an agreement could not lawfully confer power to increase interest in the lender's absolute discretion could not be supported.

By Rachel Davies, Barrister

LONDON STOCK EXCHANGE

Currency concerns unsettle equities

CONCERN OVER the outlook for the US dollar continued to depress the international blue chips in London yesterday.

The early part of the session saw market indices plunge through more supposed support levels as the absence of demand for international stocks was joined by a lack of performance from domestic retail issues.

Account Opening Dates

Table with columns for Account Opening Dates, listing various dates from Oct 17 to Nov 21.

regarded as an indication that domestic consumer spending was being reined in by high interest rates in the UK.

Also unsettling the market was the confirmation that

Rothwells, the Australian bank associated with Mr Alan Bond, had been forced into bankruptcy.

But Wall Street came to London's aid once again. The UK market rallied as the leading trading houses sensed that New York equities would open firmly despite caution over the dollar.

At the close, the FT-SE index was a net 5.5 down at 1837.6, after dipping to 1829 earlier.

With the FT-SE 100 line now also breached on the downside, analysts are suggesting that the market could dip to 1800 in the short term, especially if the US dollar remains weak after the Presidential Election.

Seaq volume increased to 508.4m from Wednesday's 471.6m shares as market-makers struggled to "pass the parcel" from one to another.

ened the domestic manufacturing sectors.

Mr Bond's sale of his M & G stake, believed to have been carried out by Cazenove, was completed swiftly and successfully, but cast a cloud over other stocks where Bond Corporation is known to hold stakes.

Uncertainty over the dollar stimulated interest in gold bullion and thus in shares in Australian and South African gold producing stocks.

Bond guessing game

The sale of Bond Corporation's stake in M & G immediately focused the market's attention on the Bond stakes in Standard Chartered Bank and Morgan Grenfell.

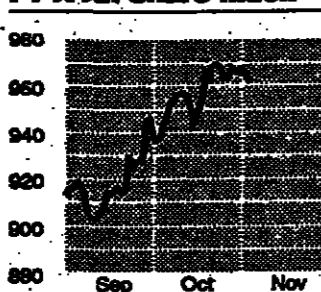
Standard Chartered shares were little changed at 490p, with the new in fully-paid form quoted at 489p, slightly easier on the session.

Fisons downgraded

Worries about generic competition to Intal, its anti-asthma drug, led to higher than usual activity in Fisons.

Fisons has argued in the past that the technology needed to produce the drug in its clinical aerosol form provided an effective entry barrier to rivals hoping to launch a generic, cheaper product.

FT-A All-Share Index



forecast for Fisons by 22m to £121.5m, citing adverse currency factors and difficulties in a Canadian subsidiary.

Storehouse reel

The decision by UBS Phillips & Drew (P&D) to downgrade its year to March 1989 profit forecast for Storehouse from £110m to £85m dealt another blow to an already reeling Stores sector.

Mr John Smith of P&D said that the slowdown in clothing sales, particularly at British Home Stores, was behind the downgrading.

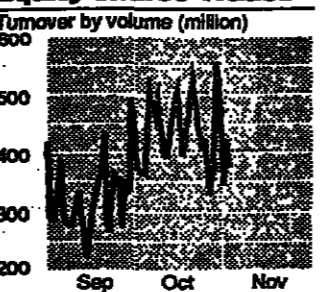
Lombro awaits Bond

Lombro was embroiled in a fresh wave of speculation and confusion following news that Mr Tiny Rowland, head of the diversified UK trading group, had raised his shareholding to 15.6 per cent.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various companies in 1988, including Anglo, Anglo-Tel, and Anglo-Tel.

Equity Shares Traded



stock, was rumoured to have met Mr Rowland on Wednesday.

When asked to confirm this, Mr Terry Robinson, a director of Lombro said, "Our position remains unaltered. We have requested Mr Bond to make his intentions and purpose clear.

The shares bounded higher with trade returning to heavy proportions - some 14m eventually changed hands - and touched 400p before closing 14 up on the day at 394 1/2p.

Rumours swept the market that "Boots" management was considering several moves, including a property revaluation, in defence of possible predatory action.

Westbury's profits came out at £16.86m, more than treble the £5.2m made in the corresponding period last year and compared with forecasts which ranged from £9.5m to around £11m.

APPOINTMENTS

- List of appointments including Mr Michael J. Lee, Mr Ian Scott-Gall, Mr Roger Levitt, Mr Peter Chadwick, Mr Ken Conther, and Mr Mario Ferricome.

turnover league in electronics

with 10m shares traded, including a single deal of 5m at 172p and one of 3m at 174 1/2p.

Worries that a go-ahead for the Lloyd Bank/Abbey Life deal could trigger a domino re-rating of the life sector hit most of the life shares.

British Airways brightened considerably on thoughts that KLM's good mid-term results, announced yesterday, augured well for the interim figures, due on November 15.

Shares showed no signs of recovering from Marks and Spencer's disappointing figures on Wednesday and news of a major downgrade for Storehouse accelerated the slide.

Shares showed no signs of recovering from Marks and Spencer's disappointing figures on Wednesday and news of a major downgrade for Storehouse accelerated the slide.

shareholding in the new company

- List of shareholding in the new company, including MANN EGERTON, Mr Jim Lettlich, and Mr Mario Ferricome.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices showing values for Government Secs, Flood Interest, Ordinary, Gold Mines, and various other indices.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, listing stock names, volume, and price.

Interested in acquiring Cowan. Bridgend also revealed higher first-half profits yesterday.

The Food sector continued its role as one of the more depressed sections of the market. Dealers pointed out that several stocks are now at or near their low for the year.

Great Portland maintained its early-week form, closing 9 better at 386p on speculation that a management buy-out may be in the offing.

Banco de Bilbao and Banco de Vizcaya

ANNOUNCEMENT OF MERGER BETWEEN BANCO DE BILBAO, S.A. AND BANCO DE VIZCAYA, S.A.

The Directors of Banco de Bilbao and Banco de Vizcaya are pleased to announce that with effect on 1st October 1988 their two Banks have merged to form a new Bank to be named BANCO BILBAO VIZCAYA, S.A. (BBV).

The merger, which has already received the necessary shareholders' and regulatory approvals in Spain, has been accomplished under the Laws of Spain.

BANCO BILBAO VIZCAYA assumes by universal succession all the assets, liabilities and undertakings of both Banco de Bilbao and Banco de Vizcaya and these two present banks have been automatically dissolved.

The rights of customers and employees will not be adversely affected in any way, and the merger will enable BBV to enhance its range and quality of

customer services and to provide wider career opportunities to staff.

BBV is powerfully represented in all sectors of the market and is Spain's leading bank in retail, corporate, investment and international banking operations.

As befits its international role, BBV has an extensive overseas network of branches, subsidiary banks and representative offices worldwide and with particular focus on countries of the European Community.

The merger between Banco de Bilbao and Banco de Vizcaya on equal terms is in the opinion of the Directors an unique opportunity to create in the form of BANCO BILBAO VIZCAYA a truly universal and competitive bank for the benefit of shareholders, customers and staff alike.



BANCO BILBAO VIZCAYA

Morgan Grenfell changes

MORGAN GRENFELL has made the following changes. Mr David Ewart, group finance director, becomes chairman of Morgan Grenfell Securities.



Mr David Ewart, Grenfell Asset Management, is appointed finance director of Morgan Grenfell Securities. He succeeds Mr Valentine Powell who becomes a vice chairman of Morgan Grenfell Securities, together with Mr Charles Peel.

CANDOVER INVESTMENTS has appointed Mr Graeme A. Elliot as a director. He is executive vice chairman of Slough Estates.

Mr Michael J. Lee has been appointed group financial director of B.L.C.K. He succeeds Mr Ian Scott-Gall who was promoted to group managing director last July following the retirement of Mr Michael Oakley.

PERKINS ENGINES has appointed Mr Peter W. Baker as director and general manager, defence sales. He was director and general manager, international operations.

CARRON PHOENIX has appointed Mr Bill Downie as managing director of Carron Strands, Nottingham, which supplies specialised washing equipment for catering, airports and hospitals. He was general manager.

Mr Donald Macdonald has been appointed director new ventures (exploration) of TEXACO EUROPE. He was regional manager-Texaco Europe new ventures.

JAGUAR CARS has appointed Mr Richard Wright as director of European sales, a post held by Mr John Morgan who is approaching retirement. The two will work closely together towards the eventual handover, after which Mr Morgan will undertake a number of special assignments before retiring. Mr David Bligham has become staff

director, production and material control.

Mr Michael Prag, formerly senior partner of Simon and Coates and head of equities at Chase Manhattan Securities, has been appointed adviser to the T.I. GROUP on investor relations.

Mr Roger Levitt, chairman of the Levitt Group, has been appointed a director of LIT HOLDINGS.

Mr Peter Chadwick, formerly executive director of the Daily Mail, joins SUNDAY NEWSPAPER PUBLISHING CO as general manager and a director. Mr Alan Thompson will shortly give up his post as deputy finance director of Mirror Group Newspapers to join the new company as finance director. The company is to launch a new national quality Sunday newspaper.

Mr Ken Conther, managing director of INFORMIX SOFTWARE, has been promoted to vice president, Europe.

Dr Mario Ferricome has been appointed managing director of CENTRONORD, new London subsidiary of Finanziaria Centro Nord, Milan. Dr Giuseppe Gennari, chairman and managing director of the Italian parent company, becomes chairman of Centronord. Finserco (Corporate Finance), a company created by Dr Ferricome, will have a minority

shareholding in the new company.

MANN EGERTON, part of Inchcape, has appointed Mr John Holmes as managing director Europe. He was managing director of the specialist car division.

Mr Jim Lettlich has been appointed managing director, EMI MANUFACTURING AND DISTRIBUTION SERVICES from December 1. He was manufacturing director at CBS Records.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for Stock, Price, and P/E ratio. Includes entries like Time Inc. and US Steel.

CANADIANS. Table with columns for Stock, Price, and P/E ratio. Includes entries like ABM Gold Corp and Alcan.

BANKS, HP & LEASING. Table with columns for Stock, Price, and P/E ratio. Includes entries like Bank of Montreal and Canadian Pacific.

Hire Purchase, Leasing. Table with columns for Stock, Price, and P/E ratio. Includes entries like Anglo Leasing and Hire Purchase.

BEERS, WINES & SPIRITS. Table with columns for Stock, Price, and P/E ratio. Includes entries like Carlsberg and Heineken.

BUILDING, TIMBER, ROADS. Table with columns for Stock, Price, and P/E ratio. Includes entries like Bovis Lend Lease and Wimpey.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BEERS, WINES & SPIRITS Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

ELECTRICALS - Contd. Table with columns for Stock, Price, and P/E ratio. Includes entries like British Electric and ICI.

ELECTRICALS - Contd. Table with columns for Stock, Price, and P/E ratio.

BEERS, WINES & SPIRITS Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

ENGINEERING - Contd. Table with columns for Stock, Price, and P/E ratio. Includes entries like British Leyland and ICI.

ENGINEERING - Contd. Table with columns for Stock, Price, and P/E ratio.

BEERS, WINES & SPIRITS Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and P/E ratio. Includes entries like British Petroleum and ICI.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and P/E ratio.

BEERS, WINES & SPIRITS Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and P/E ratio.

INDUSTRIALS (Misc.) - Contd. Table with columns for Stock, Price, and P/E ratio.

BEERS, WINES & SPIRITS Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

BANKS, HP & LEASING Contd. Table with columns for Stock, Price, and P/E ratio.

BUILDING, TIMBER, ROADS Contd. Table with columns for Stock, Price, and P/E ratio.

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LONDON SHARE SERVICE

LEISURE - Contd

Table of stock prices for Leisure sector including Leisure Inn, Leisure Inn PLC, Leisure Inn PLC, etc.

PROPERTY - Contd

Table of stock prices for Property sector including Property Finance, Property Finance, etc.

TEXTILES - Contd

Table of stock prices for Textiles sector including Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, Land sector including Finance, Finance, etc.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas sector including Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of stock prices for Mines sector including Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors, Aircraft Trades sector including Motors, Motors, etc.

TOBACCO

Table of stock prices for Tobacco sector including Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land sector including Finance, Finance, etc.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders sector including Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of stock prices for Plantations sector including Plantations, Plantations, etc.

Commercial Vehicles

Table of stock prices for Commercial Vehicles sector including Commercial Vehicles, Commercial Vehicles, etc.

Components

Table of stock prices for Components sector including Components, Components, etc.

Garages and Distributors

Table of stock prices for Garages and Distributors sector including Garages and Distributors, Garages and Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers, Publishers sector including Newspapers, Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, Advertising sector including Paper, Printing, Advertising, etc.

Investment Trusts

Table of stock prices for Investment Trusts sector including Investment Trusts, Investment Trusts, etc.

SHIPPING

Table of stock prices for Shipping sector including Shipping, Shipping, etc.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather sector including Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of stock prices for South Africans sector including South Africans, South Africans, etc.

TEXTILES

Table of stock prices for Textiles sector including Textiles, Textiles, etc.

PROPERTY

Table of stock prices for Property sector including Property, Property, etc.

Investment Trusts

Table of stock prices for Investment Trusts sector including Investment Trusts, Investment Trusts, etc.

Finance, Land, etc

Table of stock prices for Finance, Land, etc sector including Finance, Land, etc, Finance, Land, etc, etc.

PLANTATIONS

Table of stock prices for Plantations sector including Plantations, Plantations, etc.

TEAS

Table of stock prices for Teas sector including Teas, Teas, etc.

MINES

Table of stock prices for Mines sector including Mines, Mines, etc.

Central Rand

Table of stock prices for Central Rand sector including Central Rand, Central Rand, etc.

Eastern Rand

Table of stock prices for Eastern Rand sector including Eastern Rand, Eastern Rand, etc.

Far West Rand

Table of stock prices for Far West Rand sector including Far West Rand, Far West Rand, etc.

O.F.S.

Table of stock prices for O.F.S. sector including O.F.S., O.F.S., etc.

Diamond and Platinum

Table of stock prices for Diamond and Platinum sector including Diamond and Platinum, Diamond and Platinum, etc.

Central African

Table of stock prices for Central African sector including Central African, Central African, etc.

Finance

Table of stock prices for Finance sector including Finance, Finance, etc.

Australians

Table of stock prices for Australians sector including Australians, Australians, etc.

THIRD MARKET

Table of stock prices for Third Market sector including Third Market, Third Market, etc.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. A, Alpha, B, Beta, Gamma. Unless otherwise indicated, prices and net dividends are in pence and percentages are 250 pence basis. Dividends are based on latest annual reports and accounts and where available are updated on half-yearly figures. P/E ratios are calculated on 'net' distribution basis, earnings per share being computed on profit after taxation and unrevealed ACT where applicable. Bracketed figures indicate 10 per cent or more difference in calculated on 'all' distribution. Covers are based on official estimates for 1987-88 or other official estimates. Where not indicated, the value of shares is based on the value of declared distribution and rights.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional & Irish Stocks sector including Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options sector including Traditional Options, Traditional Options, etc.

WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, France, Germany, Italy, Sweden, and Japan. Each section lists various stock indices and individual company shares with their respective prices and changes.

CANADA

Table of Canadian stock markets including Toronto and Montreal indices, and a list of individual Canadian stocks with their prices and changes.

INDICES

Table of various international stock indices including New York, Dow Jones, and others, showing their values and percentage changes.

TOKYO - Most Active Stocks

Table of the most active stocks in Tokyo, listing the stock name, price, and change.

Advertisement for 'Have your E.T. hand delivered in Germany' featuring '12 FREE issues' of Financial Times and contact information for Frankfurt.

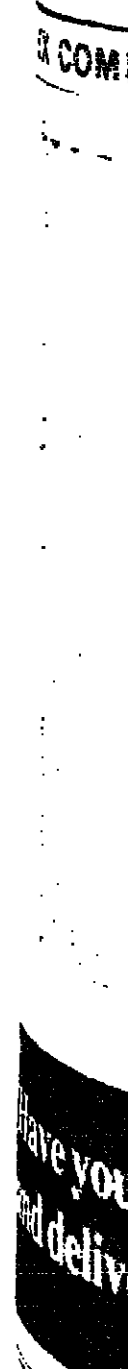
Spm prices November 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like '12 Month High', 'Low', 'Bid', 'Ask', 'Close', 'Open', 'Change', 'Volume', 'Last Sale', 'Bid', 'Ask', 'Close', 'Open', 'Change', 'Volume', 'Last Sale'.

Continued on Page 43

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes a handwritten note 'Up 1, no 1/2' at the top.

OVER-THE-COUNTER

Table of Over-the-Counter prices with columns for stock symbols, prices, and changes.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes.

Table of Over-the-Counter prices (continued) with columns for stock symbols, prices, and changes.

Advertisement for F.T. hand delivered service, featuring the text 'Have your F.T. hand delivered...' and 'MILANO and ROMA'.

Advertisement for F.T. hand delivered service, featuring the text 'Have your F.T. hand delivered...' and 'Madrid Barcelona Bilbao Sevilla'.

AMERICA

Takeover talk props Dow up but turnover declines

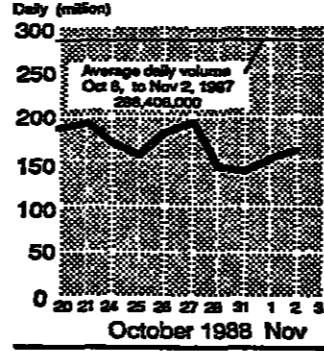
Wall Street

TAKEOVER rumours about Sears, Roebuck and other retailing stocks spurred modest gains in blue chips in moderate trading yesterday, writes Rodrick Oram in New York. Other takeover plays, notably RJR Nabisco, whose management announced an improved leveraged buy-out offer, also helped push the Dow Jones Industrial Average up 16.53 to 2,173.36 by 2pm.

to perhaps around the 2,100 level, which appears to offer short-term support. A big shift is unlikely until after next Tuesday's presidential and congressional elections. Much of yesterday's interest focused on Sears, Roebuck, the world's largest retailer, which announced a big restructuring and share buy-back on Monday. Its stock jumped 2 1/2% to \$45 1/2 in heavy volume on rumours that Mr Ronald Perelman, the corporate raider and chairman of Revlon, was preparing a bid for the retailer. A spokesman flatly denied he was planning such a move.

Philabury slipped 1/4% to \$61 1/4. The company's long-awaited counter offer to Grand Metropolitan's \$60-a-share bid is thought to be imminent. Analysts remain highly sceptical, however, whether the company will make an offer good enough to ensure its continued independence. Holly Farms jumped 1 1/2% to \$64 after rejecting an inadequate \$2-a-share offer from Tyson Foods, a rival chicken farmer. Holly's board said it was exploring other ways to maximise shareholders' value. Eagle-Picher Industries added 2 1/4% to \$17 1/4. The machinery manufacturer fell 1 1/4% to \$15 on Wednesday

NYSE Volume



after it said it was increasing its reserves for asbestos claims by \$65m, which would erase its net worth. It has suspended its dividend and put three divisions up for sale.

Canada

SELLING took hold in mid-day trading, focusing on energy stocks, and the market lost ground. The composite index lost its early climb of 4 points to reach a mid-session 3,575.4, off 3.2. The Toronto Newspapers Class A shares fell 1/4% to C\$29 1/4 in spite of news of higher nine months profits. Interhome Energy, with lower nine months earnings, was unchanged at C\$44. Among other energy issues, Imperial Oil class A declined 1/4% to C\$48 1/4 and Gulf Canada Resources lost 1/4% to C\$13 1/4.

EUROPE

Paris dominated by stake-building

THE TONE was increasingly cautious in Europe yesterday with the dollar weak and US elections just round the corner, writes Our Markets Staff. PARIS began to show signs of slowing down before next Tuesday's US poll, although there was some relief that the Bank of France left the key intervention rate unchanged at 7.25 per cent. Special situations continued to take centre stage, with the confusing saga at Société Générale leaving it FF11 higher at FF755L. Investors are still unclear as to the intentions of Mr Georges Pebebre, who is stake-building through his investment company Marceau Investissements. If he is interested, as rumoured, in OGE - of which he used to be chairman - why does he not directly build a stake? One of the salesman, SocGen and OGE were both active, with the latter gaining FF19.50 to FF429.50. Steel pipe maker Vallourec was strong again on stake-building rumours, adding FF14.10 to FF258.10 on 109,000 shares. GTM Entrepouse, in which Vallourec has an indirect stake, was also one of the bigger climbers, up FF56, or 7.4 per cent, at FF816. Dumez, which has 30 per cent of GTM, ended up FF76 at FF768. One analyst suggested Dumez could be trying to increase its control over GTM through stake purchases in Vallourec. The CAC General Index climbed 0.5 to a 1988 high of 397 and the OMF 50 index eased 1 to 414.65. FRANKFURT continued

lower, with volume thin as investors stayed cautious about the dollar, the US election, and the recent strength of the German market. At midday the FAZ had fallen 8.53, or 1.6 per cent, to 326.97. The fall eased off later and the DAX closed down 7.97, or 0.6 per cent, at 1,290.58. Turnover fell to DM2.9m. Banks, which have been unsettled by Dresdner's planned rights issue and rumours of capital raising by Deutsche Bank, finished mostly weaker, although Dresdner picked up DM1.30 to DM296, with reported buying from Switzerland. Deutsche Bank lost DM3.70 to DM526.50. Insurer Allianz, also a target of rights issue speculation and a rumoured buyer of Dresdner, shed DM13 to DM1,700. Pharmaceutical Schering, which rejected an approach from the much smaller US company, ICN Pharmaceuticals, rose DM6 to DM563. But one brokerage house said it had put through a large sell order for Schering on the grounds that ICN was simply trying to put the company into speculative play. The share price opened DM10 higher. Retailer Asko, trading ex-rights, dropped DM38 to DM793. Construction stock Hochtief was up DM5 at DM550 as it forecast "satisfactory" profits this year. MILAN finished slightly higher after strong early gains ran into nervous profit-taking. The Comit Index rose 2.09 to 399.35. It has found good support at the 500 level but appears to be meeting resistance

at 590. "It has to go through 590 convincingly before people feel confident there's something worth getting excited about again," said an analyst. He said foreign and local investors were nibbling at the market in early trading before weakness elsewhere in Europe made investors cautious. Retailer Rinascente rose L130 to L5,243, with local interest in the stores sector focusing on it in the wake of Standard's poor results. AMSTERDAM ended earlier, after better-than-expected results from KLM trimmed early losses. Investors remained wary about the lower dollar and next Tuesday's US elections and the CBS all-share index shed 0.4 lower to 100.3. KLM rose F1 1.20 to F1 42.10 after reporting a 26 per cent increase in second quarter profits and saying it expected annual profits to equal or better last year's. Most analysts had forecast 12 to 14 per cent. Chemical company Akzo, reporting a 32 per cent rise in third quarter profits - at the lower end of expectations - dropped F1 2.10 to F1 156.10 after its steep recent rise. KNP, the paper maker, eased 60 cents to F1 44 and Buehrmann-Peterode, the packager, lost F1 1 to F1 66.90 after news they are discussing a joint takeover of Sieger, a West German paper company with annual sales of DM300m. MADRID was pulled higher by banks and food stocks, with construction issues succumbing to profit-taking after strong recent gains. The general index

added 0.56 to 291.99. Telefonica added 0.2 points to 285 per cent of par, raising 17 per cent higher nine month profits. Construction company Dragados, with sharply higher pre-tax profits, fell 8.5 to 482.5. ZURICH also focused on banks, with demand from London as well as domestic investors. But the Credit Suisse index eased 3 to 497.6 amid a general lack of interest. Bank Leu, with bearers up SFR50 at SFR3,330, named its new chief executive as Mr Adolf Branstler to replace Mr Werner Schick who resigned last week. Union Bank of Switzerland said this year's results should match those in 1986, and its bearers slipped SFR15 to SFR3,490. One salesman said the forecast meant only a 3 per cent rise in profits after last year's 3 per cent drop. STOCKHOLM was unable to hold on to early gains and shares closed mixed in moderately heavy volume. The Affarsvarden index ended 0.8 higher at 900.8 after Mr Kjell-Olof Feldt, the Finance Minister, said he would soon introduce legislation to allow foreign ownership of bank shares. BRUSSELS completed its latest trading account mixed to lower. Vieille-Montagne, the zinc processor which has been the focus of speculative buying, moved against the tide, gaining BFR300 to BFR12,400 in fairly active trade. OSLO moved higher in moderate activity. Saga Petroleum rose NKR5 to NKR79.50 amid rumours of a change of ownership structure.

Share sale scandal casts a cloud over Japan's starry new issues

Michiyo Nakamoto charts the undermining impact in Tokyo of the Recruit Cosmos affair on once shining market performers

Once the star performers of Japan's equity market, new issues have been dealt a devastating blow by a widening share sale scandal that has at once shaken the markets and seriously damaged the reputation of several prominent politicians. The share scandal, involving the sale of pre-registration shares of Recruit Cosmos to prominent businessmen and politicians' aides, has shed light on the potential abuse of the abnormally high price rises common to new issues.

It was first traded. Fujitsu Kiden, a subsidiary of Fujitsu, the electronics company, surged to an initial trading price of ¥2,200 from an offer price of ¥1,750 in the spring. Today new issues are as likely to fall as to rise. Three issues listed on the second section of the Tokyo Stock Exchange in October have fallen below their offer price. Uniden, a communications gear maker that was publicly offered on October 19 for ¥3,200, had dropped to ¥2,820 at the close of Tuesday's trading. Somar, a trading company specialising in chemicals, has fallen from ¥2,040 to ¥1,690 and Iwaki Glass is down to ¥1,550 from ¥1,280.

The underlying lack of confidence has led investors to prefer trading in larger issues that offer high liquidity. Smaller stocks, including new issues, which are less easily traded, have therefore suffered.

Analysts also point to the waning influence of professional speculators who had commonly targeted new issues for quick profits. With the unfortunate fate of three of the most prominent speculators - one was murdered, another has been arrested and a third has been missing for several months - the activity of speculators who were once able to amass huge fortunes by manipulating the market has been less conspicuous.

The Recruit Cosmos affair has brought unfairness charges against the present system, which in effect allows a limited number of people to earn huge capital gains, and has led to a review of public offer rules.

year, with investors, made timid by last year's crash, showing a definite preference for the less risky, high volume stocks. Until a few months ago companies floated on the stock exchange or the over-the-counter market in Japan were virtually guaranteed a spectacular welcome. Zebio, the operator of a chain of men's clothing stores, was registered on the OTC market in April and saw its public offer price of ¥3,020 almost double to ¥6,000 when

share prices for newly floated companies was closer to 30 or 40 per cent, according to Mr Sato of Nomura. "Securities companies are not recommending new issues," adds Mr Ken Maruyama, senior manager of the research department at UBS Phillips & Drew. This lack of encouragement by brokers in stark contrast to their past practice of shoring up the share price of newly floated issues, in part to cover clients against possible losses in other securities. This is relatively easy to do with newly floated issues, as the small number of shares means that a few buy orders can rapidly push the price up to profitable levels. Brokers involved in public offers have been made aware of the risks of setting a price at a much lower level than the prospective market price and they have been trying to close the gap. The large number of new

issues this year has also had a dampening influence on their performance. "There has been a whole rash of new issues," says Ms Joy Walbert, an analyst at SECI Securities (Asia). Already this year, the OTC market has seen 41 new registrations - against 22 in the previous record year of 1986. On the second section of the Stock Exchange there have been 30 new issues so far this year, against 31 for the whole of 1987. Moreover, even though prices have dropped, there is no sign of a decline in the number of companies wanting to float. Mr Sato believes that "for the ambitious entrepreneur the OTC market is still very attractive."

Analysts also point to the waning influence of professional speculators who had commonly targeted new issues for quick profits. With the unfortunate fate of three of the most prominent speculators - one was murdered, another has been arrested and a third has been missing for several months - the activity of speculators who were once able to amass huge fortunes by manipulating the market has been less conspicuous. From a broader perspective, the recent decline of interest in new issues reflects a more far-reaching trend which has permeated the equity market as a whole. The underlying lack of confidence since last year's crash has for some time led investors to prefer trading in larger issues that offer high liquidity. Investors have also come to believe that economic growth has probably hit a ceiling and they have adopted gloomier views of the earnings potential of smaller companies. Significantly, the second section index has dropped about 17 per cent from its high this year of 3,106.34 on June 23 to 2,385.44 on October 28.

ASIA PACIFIC

Rothwells move daunts Sydney

THE CLOSURE of the Tokyo market for a national holiday left Asia Pacific markets without a lead, although Australia and Hong Kong both had domestic concerns on which to concentrate. AUSTRALIA ignored gains in bullion and commodity prices and focused instead on concern about merchant bank Rothwells, where provisional liquidators were appointed after it said it could not meet its debts. The All Ordinaries index fell 8.2 to 1,271.8. Leading industrial stocks were hit, with BEP off 8 cents

at A\$7.58 and Bond Corp 6 cents lower at A\$1.70. Industrial Equity shed 5 cents to A\$1.57. AFP again saw heavy turnover amid speculation of the existence of a new large shareholder and ended steady at A\$1.14 on volume worth A\$7.9m. HONG KONG was shaken by rumours that a prominent businessman had been arrested after the anti-corruption bureau, and the Hang Seng index moved down below the psychologically important level of 2,600. The Hang Seng index

declined by 23.33 to 2,584.49 while turnover rose to HK\$640m against Wednesday's total of HK\$535m. New World Development, which announced final results after the close, was the busiest issue with 3.6m shares traded, dropping 10 cents to HK\$11.80. SINGAPORE saw light selling but ended little changed, with the Straits Times Industrial index up just 0.05 at 1,030.17. Trading was curtailed by the wait for today's US employment data, and turnover reached 14.6m shares compared with the previous day's 12.2m.

SOUTH AFRICA

GOLD issues sparked after recent dull sessions as the bullion price continued to climb, reaching \$423 an ounce. Last week it was as low as \$407. Vaal Bees rose R11 to R292 and Randfontein put on R6 to R270. Ekurusa was up R3 to R26 while Fresco found R3 to R46.30. A less dazzling performance came from diamond stock De Beers, which ended the session up 20 cents at R46.30. Industrials ended firmer, in spite of the Government's move to increase interest rates, intended to buoy the weak commercial rand, which hit a new low against sterling earlier this week and fell sharply against the dollar.

Table with columns: NATIONAL AND REGIONAL MARKETS, WEDNESDAY NOVEMBER 2 1988, TUESDAY NOVEMBER 1 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan.

AMI Healthcare AMI Healthcare Group plc £45,000,000 Revolving Credit Facility Arrangers: S.G. Warburg & Co. Ltd., Barclays de Zoete Wedd Limited. Lead Manager: Barclays Bank PLC. Managers: National Westminster Bank PLC, Banque Nationale de Paris, Commerzbank Aktiengesellschaft, Société Générale, The Sumitomo Bank, Limited. Agent: Barclays de Zoete Wedd Limited.